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ABSTRACT

This volume contains 19 papers that were presented at a conference addressing critical issues related to employment options for older persons. They are arranged in four sections that cover early retirement policies and their implications; older workers of Asia and the Pacific; the impact of technological change on the employment prospects of older persons; and the reorganization of work, leisure, and education over the life cycle. The papers are: "Work, Aging and the Life Cycle" (Xavier Gaullier); "Early Exit and the Employment of Older Workers in the 1990s in the United Kingdom" (Frank Laczko); "Early Retirement Policies and Practices in the United States" (Denise F. Loftus); "Early Retirement and the Middle-Aged" (Malcolm H. Morrison); "Ageism in the British Labor Market" (Alan Walker); "Older Workers in Asia and the Pacific" (John McCallum); "Work, Retirement and Income Security" (Lita J. Domingo); "Older Workers in a Developing Economy" (Nii-K Plange); "Older Japanese Workers" (Michiko Naoi); "The Impact of Technological Change on Employment Prospects for Older Persons" (Harvey L. Sterns); "New Technologies and the Aging of the Labor Force" (Marie-Noel Beauchesne-Florival); "The Impact of Technological Change on Employment for Older Persons from a West German Perspective" (Gerald A. Straka); "Older Workers and Technology" (Robert A. Harootyan); "Implications of Technological Advances for Canadian Workers" (Neil Charness); "The Reorganization of Work, Leisure and Education over the Life Cycle" (Jack Habib, Charlotte Nusberg); "Flexibility and Free Choice in Working Life" (Gosta Rehn); "Does Flexible Life Scheduling Have a Future?" (Fred Best); "Emerging Changes in the Structure of the Employment Relationship and Their Projected Effects on the Distinction between Work and Retirement" (Dan Jacobson); and "Leisure and the Structure of Our Life Worlds" (Jon Hendricks, Stephen J. Cutler). (KC)

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RETHINKING WORKLIFE OPTIONS FOR OLDER PERSONS

Edited by

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The International Federation on Ageing (IFA) is an association of national, regional and local voluntary organizations that either represent the elderly as their advocate and/or provide services to them. It was established in 1973 in recognition of the fact that such organizations had much to learn from one another and needed improved international representation. The IFA has Consultative Status with the Economic and Social Council of the UN and many other agencies within the UN family of organizations.

The JDC-Brookdale Institute of Gerontology and Adult Human Development in Israel is a national center devoted to research, experimentation and education in gerontology and adult human development. It was founded and is funded by the American Jewish Joint Distribution Committee (AJJDC) with the assistance of the Brookdale Foundation and the support of the Government of the State of Israel. Its research is policy- and program-oriented, multidisciplinary and, primarily, of an applied nature. It is a WHO collaborating center for research on health of the elderly.

The Institute tries to identify socially relevant problems and to recommend alternative solutions to problems of the health and social services. It attempts to bring together academic and governmental experts and other public officials and citizens in order to link research findings with their implementation.

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Edited by

Jack Habib Charlotte Nusberg

JDC-Brookdale Institute of
Gerontology and Adult Human
Development in Israel
Jerusalem, Israel

International Federation
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INTRODUCTION

This volume is based primarily on papers that were presented at the XIV Congress of the International Association of Gerontology in Acapulco, Mexico in June 1989 in a number of sessions that addressed critical issues related to worklife options for older persons. The papers were written against the background of certain overriding trends that find expression in many of the papers.

Recent decades have witnessed a dramatic decline in the employment of older age groups throughout the developed world and the emergence of a range of policies at the firm as well as at the societal level to encourage early retirement. Although the tide of public policies and sentiments has recently turned, this has not yet been reflected in actual trends in employment. Some countries have taken steps to expand employment opportunities, and concern has been voiced in those countries where labor shortages have produced a need to lure older workers to remain or return to the work force. The options for employing these workers are being reconsidered, and a range of more flexible forms of employment is currently being tested.

The change in the nature of labor markets and the increased drive for more flexibility in the workplace and less permanent work arrangements have also affected the opportunities facing older workers.

In the developing world, various forms of pension arrangements are beginning to be developed in response to concern over the decline in the ability of extended families to adequately support the elderly. These trends have important implications for the importance of work as a source of income in old age; they also interact with the overall pattern of economic development.

The papers in Section One, as described in the introduction by Xavier Gaullier, address the phenomenon of early retirement as it finds expression in a number of countries, with a particular emphasis on the impact of public policies on this phenomenon. During the last twenty years the situation of older workers has changed radically. Early retirement has risen in many countries, as have numerous other early pathways out of the labor market, such as unemployment and disability. The situation of older workers remaining on the job has also changed: Opportunities for training or promotion have disappeared, and the seniority system has declined; new obligations to switch to different types of jobs and the development of mid-career crises have emerged. As a consequence, outside activities and lifestyles (family life, leisure) have been transformed. Gaullier views the phenomenon of early retirement as part of a broader process in which the meaning of life in later years is being redefined.

In addition, Gaullier stresses that the phenomena of early retirement and of employment opportunities for older workers need to be understood within the broader context of overall changes in the organization of the labor force. Moreover, Gaullier believes that the problem of older workers should be addressed as a facet of a general human resource policy that takes individuals' growth and development into account. He advocates that a policy of modernization without exclusion should be implemented in an attempt to build the companies of tomorrow from the workers of today. Gaullier also notes the very dramatic change in the attitude of French policymakers from a policy of exclusion to one of promoting opportunities for older workers.

In this series of papers, various policy changes are described, and their interaction with actual developments in the labor market is analyzed. Laczko describes developments in Britain, Loftus describes those in the U.S., and Morrison expresses the conflicting forces and ambiguities still present in current policies. The Walker paper, which concludes this section, illustrates how structural changes in the economy impact on the opportunities of older workers. It describes how the development of increasing economic insecurity among older workers is socially manufactured, and neither inevitable nor natural. All of the papers emphasize that changing macro-level policies is not enough. Actual trends will be affected both by the nature of the changing labor market and by the actions undertaken at the firm level.

Section Two takes a regional perspective, addressing the issue of older workers in Asia and the Pacific. The papers in this section raise the issues associated with employment in developing countries with different cultural norms and approaches to the organization of work life.

As highlighted in the introduction by John McCallum, this is the most rapidly aging region in the world. The aging process is accompanied by rapid industrialization and economic growth. This region is also extremely diverse culturally and economically. Three very different cases are presented: Japan, which is one of the most developed countries; the Philippines, whose economic development has lagged behind; and Fiji, which has a small and highly vulnerable economy. In all three contexts, however, late-life employment plays an important role in maintaining the incomes of the elderly. In Japan, Naoi documents how late-life transitions in the nature and terms of employment are institutionalized. In the Philippines, Domingo emphasizes that there are almost no pension arrangements for most older workers. The case of Fiji, as reported by Plange, illustrates how the well-being of the elderly and their employment opportunities can be affected by political and economic upheaval.

One of the major underlying factors affecting the prospects for older workers is the pace and nature of technological change. As pointed out in the introduction by Harvey Sterns, the papers in Section Three address the nature of technological change and its direct and indirect effects on the prospects of older workers. The papers by Harootyan and Charness address the implications of technology for skill requirements, and indicate that investments in training will be necessary in order to adjust to the demands of technology. They also address some of the efforts to assess older workers' capacity to upgrade their knowledge and skills, as well as the latest developments in techniques that are effective with older workers. What is known about the link between age and productivity is also reviewed. Two additional papers by Straka and Beauchesne-Florival address developments within specific countries and focus on the general response of employers to technological change, as well as providing some specific examples. They point out that the consequences can often be quite negative for older workers, and that very focused changes must be made in employers' approaches in order to avoid these negative effects.

The concluding section attempts to place the issue in the framework of the need to reconsider the organization of work, leisure and education over the life cycle. In the introduction, Jack Habib and Charlotte Nusberg provide a framework for thinking about the possible rationales for reorganization. They conclude that in a labor-surplus economy, reorganization of the life cycle may be a major way to facilitate employment at the upper end of the age spectrum. In a labor-scarce economy there may be interest in expanding employment at all ages. However, this may not be attainable unless training and respite receive some attention at earlier ages.

The papers in this section address various aspects of the broad framework presented. Rehn, one of the pioneers in this area, describes the efforts to implement some of these concepts, particularly in Sweden. Fred Best, who has made important contributions to the development of these concepts in the United States, reviews the interest in flexible life scheduling in the 1960s and 1970s, and speculates about prospects for the future. In the paper by Jacobson, the issue is placed in the broader perspective of changes in the structure of the employment relationship. Hendricks and Cutler address the role of leisure in light of this new perception of the life cycle.

If we are to address worklife options for older workers more effectively as we move toward societies in which 20–40 percent of the population is expected to be over age 65 by the middle of the next century, much more concerted action will be required. We hope the collection of papers in this volume will contribute to a rethinking of the options available and stimulate efforts to expand them.

Jack Habib

Charlotte Nusberg

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Section One: Early Retirement Policies and their Implications for Workers in Mid-life

WORK, AGING AND THE LIFE CYCLE: AN INTRODUCTION TO EARLY RETIREMENT POLICIES AND THEIR IMPLICATIONS FOR WORKERS IN MID-LIFE

*Xavier Gaullier**

Old age and aging are in major upheaval in industrialized nations. Gerontologists are hard pressed to keep up with these changes. Studies often lag behind ongoing events, dealing only with limited and restricted aspects of the question.

The papers within this section explore early retirement within this rapidly changing perspective. The studies I and the other authors have conducted show that early retirement is not a small-scale, short-term problem, but rather one that calls for rethinking of the basic concepts of gerontology: work and employment, free time and retirement, old age and the life cycle, and even the notion of gerontology itself.[1]

Early retirement has developed in industrialized nations in a variety of ways and to a different extent in the last 15 years** – as testified to by the papers presented here, but, in most cases, it is simply seen as retirement which begins a little earlier. In other words, there is no realization that the classic model of aging in industrialized nations does not reflect the current context. This classic model can be defined by five points:

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** In France, for example, the country which has had the most extensive range of early job exit schemes, forms of early retirement can start 10 years before the legal retirement age (at 50). In most cases, early retirement is imposed and is financed by government unemployment funds, never by retirement funds. The labor force participation for men between the ages of 55 and 64 is one of the lowest for all the industrialized countries: 50% vs. 76% in Sweden.

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1. Linearity of occupational career with permanent, full-time employment beginning at the end of schooling and extending up to retirement fairly late on in life;
2. a career that associates aging as a progressive "deficiency" with a seniority system that protects the older worker (salaries that increase with age, the "last hired, first fired" principle, end-of-career transfers to less demanding positions);
3. full-time retirement at a specific age, with income mainly from a retirement fund, and a lifestyle made up of rest, free time and family during the relatively short period of time before loss of autonomy and death;
4. a three-stage life cycle: education (youth), productivity (maturity), and inactivity (old age);
5. a discipline, gerontology, which deals to a greater extent with old age (the elderly) than with aging and assumes the three-stage life cycle as a given – a point of view particularly prevalent in Europe.

However, the changes which have taken place in the career exit and the latter part of the work career are profound.

Individuals are now terminating their occupational careers over a period of 10 to 15 years (from the ages of 50 to 65 in France) through normal retirement, early retirement, unemployment or becoming a "discouraged" worker, and disability. Each of these paths of labor force withdrawal entails a specific social status, bearing its own implications for the individuals involved. The concept of retirement for all at a specific age has vanished. The one-to-one correspondence between retirement and the end of employment no longer holds.

Changes have also taken place prior to career exit. What characterizes occupations now is their instability: transfers from company to company or assignment to new positions, end of promotions and training, and the development of part-time jobs, temporary jobs and self-employment. The older worker is underrated, and the benefits of seniority become impediments to keeping a job through higher personnel costs. The concepts of work, career, and seniority have lost their original significance.

Changes have also taken place in the period following career exit. Individuals who no longer have jobs but who are still young and fit may, despite the absence of a regular job, hold a variety of volunteer or paid "activities" for long periods of time, which provide income and social status. This has resulted in changes in the concepts of work, productivity, and free time, in addition to new definitions of income and lifestyles in the post-career period.

One outcome of labor disputes has been a more flexible conception of the life cycle. The three-step life cycle in industrialized nations has been replaced by a new pattern of relationships between work time, free time, training and family time, covering the entire life span. Individuals define themselves in a variety of fashions and not only by what they do. The concepts of life cycle and personality have thus also acquired new meanings.

Classic gerontology has gone beyond its original bounds and now encompasses the entire life span. It has closer ties with developmental psychology and now investigates age management in companies, in the family and in society, as well as the economic, social and psychological factors involved in accelerated or arrested aging.

Given these changes in industrialized nations and the aging of the population as a whole, gerontology can no longer restrict itself to a static approach. There is a need to identify those social processes and dynamics which can account for these changes, in particular the changes in the labor market which are at their root. This will involve studying the place of older workers in the job market and the management of age in companies as a function of technological progress, distribution of older workers in the age pyramid, industrial restructuring, and the development of a flexible job market. These studies should be conducted at the macro-economic level, as well as at the level of individual companies.

The findings suggest some broad generalizations: Older workers continue to be dismissed either to reduce personnel or to replace them by other workers (younger workers, women) considered to be more productive. This principle of "external flexibility" is often summarized as "young technology, young workers".

However, a certain number of large industrial consortiums (in Sweden, West Germany, and even France [Renault, BSN, Thomson]) have realized that there are drawbacks to the exclusion of increasingly younger "older" workers and are implementing a policy of "modernization without exclusion" in an attempt to "build the companies of tomorrow with the workers of today". This is economically and socially feasible under a number of conditions:

- specific training, improvement of working conditions, diversification of positions, possibilities for transfer are provided;
- negotiation with unions, motivation of individuals (by an "end of career contract"), and career planning for the personnel as a whole takes place.

The problem of older workers thus becomes one of many facets of a general human resource policy that takes individuals' development and growth into account through a policy of internal flexibility.

Over the last few years I have conducted a study of various company policies and have published reports and a book on this topic. In a major turnabout the French Ministry of Labor requested a series of recommendations from me and asked me to negotiate with the unions and management to keep older workers in their jobs and maintain their status. This constitutes a major reversal of the years of massive exclusion of older workers at younger and younger ages. It is a critical turning point. Following the publication of a report at the end of 1989, the impact of this new employment policy will be monitored over a period of several years.

These new perspectives in gerontology imply a redefinition of basic concepts such as work and employment, retirement and free time, old age and the life cycle. I have coined the term "the second career" to describe this phenomenon within the framework of a flexible life cycle. The second career is a major challenge for older people of today and tomorrow, as well as for the economic and social equilibrium of society as a whole.

Notes

1. For a more extensive treatment of these issues see, in particular: Gauilier, X. 1988. *La Deuxième Carrière, Ages, Emplois, Retraites.* Le Seuil, Paris and Gaullier, X. and Thomas, C. 1990. *Modernisation et Gestion des Ages – Les Salariés Agés et L'Emploi.* La Documentation Francaise, Paris.

EARLY EXIT AND THE EMPLOYMENT OF OLDER WORKERS IN THE 1990s IN THE UNITED KINGDOM

*Frank Laczko**

Introduction

As a result of economic considerations – long-term concerns about the cost of an aging population and short-term concerns about the decline in the number of young people entering the labor force – governments in Western Europe are likely, in the future, to try to slow down or even reverse the trend toward early retirement. There are already signs of some shift in policy. For example, a number of countries, including France, Denmark, Finland and West Germany, have recently introduced phased retirement schemes designed, in part, to encourage older workers who might have opted for early retirement to remain in the labor force on a part-time basis.[1]

This paper concentrates on developments in Britain. As in other OECD countries there has been a sharp fall in the proportion of older men in employment in the U.K. in recent years (see Table 1). By contrast the participation rates of older women have remained stable mainly because of the growth in part-time employment among women. Therefore, the main focus of this paper is on older men. What is distinctive about the British experience is that, unlike a number of other European countries, public policy measures to promote early retirement have been relatively limited.[2] One of the reasons for this is a recognition by government that when labor market conditions improve, it might be desirable to encourage older workers to remain in the labor force.

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There are signs that this is beginning to happen. The Job Release Scheme (JRS) which was the principal form of public support for early retirement in Britain was abolished as of April 1988. Recent government statements suggest that older workers will be increasingly encouraged to postpone their retirement and continue in employment until age 70. For example, the U.K. Employment Secretary recently commented that *"We are challenging the whole concept that retirement ages should get earlier and earlier... people who are living longer and staying fitter and who want to go on working should not be denied that opportunity."*[3]

In the 1989 government budget, the "earnings rule", whereby the state pension is reduced when earnings exceed £75 per week, was abolished in order to give pensioners a greater financial incentive to remain in employment. At the same time the House of Commons Select Committee on Employment has recently finished gathering evidence on the employment patterns of the over 50s and has recommended measures in this group's favor.[4] The government is to offer long-term unemployed people aged over 50 an allowance of £20 per week to return to work part-time, under a pilot scheme. This will enable the older, long-term unemployed to work part-time without losing their social security benefits. It is hoped that this will ease the re-entry of the older long-term unemployed into full-time employment.

However, these indications of a change in policy should not be exaggerated. Government manpower policy measures, such as the "Employment Training" scheme, designed to assist the long-term unemployed, concentrate almost exclusively on under 50 year-olds; over 60 year-olds are not eligible to participate. Moreover, while there are programs specifically targeted at young people, there are no programs specifically targeted at older people, and it seems unlikely that there will be in the foreseeable future. The role of the government, as far as ministerial pronouncements can be interpreted, will rather be enabling (e.g. abolishing the "earnings rule"), or exhortatory. It will be left to employers to take the necessary action.

Table 1: Labor Force Participation Rates of Older Men in Britain, 1951–1986

		1951	1961	1966	1971	1975	1976	1979	1981	1983	1984	1985	1986
Age:													
55–59	a)	95.0	97.1	95.4	95.3								
	b)				93.0	93.0	92.4	90.8	89.4	84.1	82.1	82.0	80.3
60–64	a)	87.7	91.0	87.7	86.6								
	b)				82.9	82.3	80.4	73.0	69.3	59.4	56.7	54.4	53.4
65+	a)	31.1	25.0	23.5	19.2								
	b)				19.3	15.6	14.5	10.3	10.3	8.1	8.2	8.2	7.4

a) Census data.

b) Department of Employment estimates and Labor Force Survey data.

Source: *Employment Gazette* (various issues); *Census of Population for England and Wales and for Scotland* (various years).

It is difficult to predict how employers will react to the decline in the number of young workers, as most seem to be unaware of this demographic change.[5] In this paper we consider how older workers and employers may react to the changing labor market conditions of the 1990s, given the way in which the pattern of early exit of older workers has developed in recent years, and given changes in the employment structure of the older work force.

Social Class and Early Retirement

In order to understand the implications of recent government moves to encourage older workers to postpone their retirement, it is necessary to outline the options that exist in Britain for older workers who want, or are forced, to leave the labor force early.

To a large extent, it has been left to employers in Britain to make provision for early retirement. This has meant that manual workers and women have been disadvantaged. Employers are only able, and can only afford, to offer early retirement where employees are entitled to an occupational pension and have accrued significant pension rights under the terms of such a scheme. Employers in Britain have less scope to use early retirement to reduce the number of older manual workers and female workers in their work force, as these workers are less likely to have an occupational pension or, if they do have such a pension, it is more likely to be too low to finance early retirement.[6]

By contrast, public provision for early retirement via the government's Job Release Scheme has been mainly in effect for manual workers.[7] This scheme, introduced in 1977, was a special temporary employment measure which assisted specific categories of full-time older workers wishing to retire early by filling their jobs with unemployed job-seekers. The overwhelming majority of JRS recipients were low paid semi-skilled and unskilled workers. The JRS allowance was a flat-rate payment which was financially unattractive to people who were on above average or average wages. The abolition of JRS in 1988 means that it will be much more difficult for older manual workers to retire early in the future. A particularly disadvantaged group are older disabled workers. They were able under JRS to retire earlier than able-bodied men, from age 60 on, rather than age 64.

There is a danger that some people who need or want to retire early, perhaps for health reasons, may be pressured into remaining in employment. However, it is important not to limit our focus to looking at early retirement if we want to understand the implications of policy measures that might encourage more older workers to remain in the labor force. If we look more broadly at the ways in which older workers have been leaving the labor force early, there are other indications which suggest that present policies, far from offering greater flexibility in retirement, could actually limit choice for the older worker.

Early Retirement and Early Exit

Although JRS was an important route out of the labor market for older manual workers, overall, this scheme was responsible for only a small part of the fall in the labor force participation rate of older men in recent years.[8] In the absence of major public provision for early retirement, manual workers have been increasingly leaving the labor force early by other routes – notably through invalidity or unemployment.[9]

Although older manual workers are much more likely to leave employment early, they are less likely to describe themselves as early retired. For example, in the years 1980–82, 33% of professionals and managers were not in paid employment, compared to 43% of the semi-skilled and unskilled. Yet only 13% of men from social classes 5 & 6 defined themselves as retired, compared to 23% of men in social classes 1 & 2.[10]

It seems that Britain is distinctive in this respect. Fewer older workers aged 55–64 who are not in the labor force describe themselves as retired in Britain than in other countries.[11] According to data assembled by the Organization for Economic Cooperation and Development, in the U.K., only 18% of men aged 55–59 and 40.2% of men aged 60–64 who were not in the labor force described themselves as retired in 1986. In all other countries except Canada, the respective figures were much higher. For example, in France 69% of men aged 55–59 not in the labor force described themselves as retired in 1986 (see Table 2). This may reflect the limited level of public and private provision for early retirement that exists in Britain and, until very recently, in Canada. U.K. evidence suggests that older workers not in paid employment are more likely to describe themselves as retired when their main source of income comes from an occupational pension.[12]

Even though the absolute number of older men defining

Table 2: Proportion of Retired Among Persons Not in the Labor Force[a]

Country	Year	Total 55–59	Total 60–64	Total 65+	Males 55–59	Males 60–64	Males 65+	Females 55–59	Females 60–64	Females 65+
Australia[b]	1983	14.7	32.8	43.6	60.2	76.5	86.9	2.8	7.2	13.0
	1985	14.5	33.0	44.9	51.5	76.0	86.5	2.8	7.8	15.5
Canada[b]	1971	4.7	13.8	42.0	34.2	59.4	87.6	1.1	2.8	12.2
	1981	20.2	35.4	62.6	20.6	31.3	68.3	19.9	38.0	58.6
	1985	24.1	40.4	67.4	22.8	37.1	74.0	25.1	42.6	62.8
Finland	1976	70.3	83.9	99.0	96.8	98.0	99.0	56.7	76.6	99.0
	1981	72.6	84.6	99.4	97.3	98.0	100.0	56.9	76.7	99.1
	1986	84.8	87.6	99.7	95.9	98.6	100.0	76.2	79.8	99.5
France	1971	26.0	44.9	72.2	79.8	90.0	98.4	9.7	24.9	56.7
	1981	25.3	60.8	79.6	67.4	91.7	98.9	10.4	39.7	67.5
	1986	33.9	69.3	80.7	69.0	94.5	99.4	16.1	49.7	68.7
Germany	1976	23.7	53.0	65.7	83.1	92.0	93.5	13.7	38.1	49.6
	1981	29.4	60.5	68.3	86.7	93.8	95.4	16.9	46.1	53.5
	1986	35.5	67.1	71.3	84.1	91.9	93.0	19.7	54.2	59.9
Norway[c]	1981	38.7	44.3	66.4	93.3	88.5	92.8	21.3	28.2	49.1
	1986	47.2	52.2	71.6	93.3	90.6	91.7	28.9	31.0	57.7
Portugal	1983	36.2	47.7	52.9	66.4	71.3	75.0	27.1	37.5	40.4
	1986	40.7	50.4	48.2	71.1	78.5	69.4	28.7	36.3	34.7
Switzerland	1970	18.9	47.1	78.9	82.6	89.5	99.7	13.9	40.5	68.1
	1980	22.7	60.0	93.6	85.5	90.5	99.8	16.5	53.8	90.0
United Kingdom	1981	11.3	46.4	..	20.6	54.8	..	9.4	43.5	..
	1986	13.3	47.1	..	18.0	40.2	..	11.6	50.7	..
United States	1971	3.9	14.0	41.2	20.2	38.9	78.5	1.1	6.4	21.0
	1981	11.9	30.4	55.8	31.8	57.3	82.6	6.5	17.5	40.2
	1986	17.5	41.6	68.2	36.2	65.7	87.5	11.0	29.6	56.2

a) In Australia, Canada, Finland, France, Norway, Switzerland and the United Kingdom, "retired" refers to self-declared major activity. In the United States, it refers to the main reason for not working among persons who did not work during the year. For Germany, "retired" is classified according to pension income from previous labor force activity, including disability pensions.

b) Includes the voluntarily inactive.

c) Includes the disabled.

Source: *OECD Employment Outlook*, 1988.

themselves as retired has increased in recent years in Britain, the increase in those citing other reasons for not being in employment has been even greater (see Table 3). The fall in the labor force participation rate of older men is often characterized as representing an increase in "early retirement", but it might be more accurate to describe this trend as an increase in early exit from the labor force. Early retirement might therefore be seen as one early exit pathway or route out of the labor market. As I have argued elsewhere, to use the term "early retirement" alone to describe the phenomenon of falling labor force participation among older men is to grant it a legitimacy which it does not deserve.[13] Early retirement schemes are used by governments, employers and trade unions to shift a disproportionate burden of unemployment onto the older members of the labor force. One of the reasons why there has been less public concern about the circumstances of the older long-term unemployed is because they are considered to have available to them the "alternative role" of early retiree. Yet the evidence from British research is that the majority of older non-employed men do not seem to accept this role.

If we consider the early exit routes dominated by older manual workers (unemployment, invalidity), we find that these are closely linked to labor market conditions.[14] For example, recent British research suggests that a substantial proportion of the large increase in disability that occurred among older men between 1971 and 1981 was attributable to the rise in unemployment.[15] Moreover, analysis of U.K. Labor Force Survey data for 1983 shows that over a third of men aged 60–64 who described themselves as sick or disabled had left their last job because they were dismissed, made redundant or because their employer had introduced an early retirement scheme to reduce manpower.

Table 3: Older Non-working Men, by Age and Current Status, 1979–1986 (percentages)

	Aged 55–59		Aged 60–64	
	1979	1986	1979	1986
Unemployed	26.8	27.6	13.5	9.4
Discouraged	1.6	10.6	1.8	10.1
Long-term sick	53.8	36.7	30.1	34.2
Retired	11.7	13.1	49.6	36.4
Doesn't want job	0.9	4.8	1.1	5.7
Other	5.2	7.4	3.0	4.3
All not working	100.0 (199,644)	.100.0 (383,342)	100.0 (376,798)	100.0 (725,510)

Source: *1979 and 1986 Labor Force Surveys*, and Bernard Casey and Frank Lacsko, "Early Retired or Long-term Unemployed", *Work, Employment and Society*, December 1989.

Given that older manual workers are more likely to have left the labor market involuntarily in recent years and have less opportunity to retire early than non-manual workers, it is to be expected that if labor market conditions change, older manual workers are more likely to be encouraged to remain in employment. Much will depend on how employers restructure their work forces as the number of younger workers declines.

Employers and the Older Worker

Britain, along with a number of other European Community countries, is facing a sharp fall in the number of young people in the near future. The International Labor Office estimates that the population of 15–19 year olds will fall between 1980 and the year 2000 by 19% in the U.K., 10% in France, 32% in Italy, and 42% in West Germany.[16] However, a labor shortage is not predicted in the near future in the U.K. Although the number of 16–25 year olds in the labor force is projected to decline by one fifth between now and 1995, the total civilian labor force is expected to increase. Between 1987 and 1995, it is projected to rise by over 900,000 people.[17] This suggests that there might be a tradeoff between older workers and other groups seeking work, such as married women and the long-term unemployed. More employment opportunities for one group might mean fewer opportunities for another.

From what we know about why employers use early retirement, it is by no means certain that these demographic changes will necessarily lead employers to reverse their early retirement policies. Enterprises have grown accustomed to using early retirement, not just to reduce head count, but also to restructure their work forces. International evidence suggests that early exit is not confined to declining industries alone.[18] Early retirement enables enterprises to alter the skill-mix of their personnel and perhaps the impact of the age-wage profile on the total wage bill. In firms where early retirement has become an institutionalized part of company practice, there may be good reasons for continuing to use early retirement despite the decline in the number of young workers in the near future.

Moreover, many firms may face pressure, particularly from their white-collar employees, to continue with early retirement policies. Research based on a survey of large enterprises in Britain suggests that the extensive use of early retirement in many firms in recent years has led to an expectation among white-collar employees that they too will be offered early retirement.[19] Early retirement seems to have changed employee perceptions, particularly among white-collar staff, to the extent that many now expect a shorter working life and at least some control over the point at which they retire.

However, there are also companies that are beginning to change their employment practices in favor of older workers in response to predicted demographic changes. There are a number of recent examples of companies, mainly in the prosperous southeast of Britain, that are beginning to adapt their employment practices in favor of retaining and/or recruiting older workers aged 55 and over (e.g., Tesco, Sainsbury's, McDonalds, Thistle Hotels, Allied Dunbar).

An example of such an enterprise is the supermarket chain - Tesco. Tesco employs a high proportion of young people - about a third of the staff are under 25. After an internal review of the implications of the demographic changes of the 1990s, the company decided to launch a campaign in the southeast region to promote the employment of the 55-65 age group. This was later extended to people up to age 69 in response to a demand from older people themselves.

Tesco currently employs only a small proportion of older workers (3%), but aims to increase this to 6%. Most of its older workers are women (66%) who work part-time (80%). However, even among men, there is a very high level of part-time work (30%). This is well above the national average for this age group (1.9% for 55-59 year olds, 5% for 60-64 year olds).[20]

We do not know how representative examples such as this are of broader company practice, but they may be indicative of future changes in enterprise policy. There are, however, other indications of changes in the employment structure of the older work force which suggest that an increasing proportion of older workers who do remain in the labor force may be concentrated in "non-standard" forms of employment.

Changes in the Structure of the Older Work Force

1. Part-time employment

The proportion of older men aged 55-64 working part-time in Britain rose sharply between 1979 and 1986 from 3.8% to 6.9%.[21] This increase was due in part to a decline in full-time employment among older men, but there was also a significant increase in the absolute number of part-time jobs for older men between 1979 and 1986. For example, among employed men aged 60-64, 24,400 worked part-time in 1979 and 34,200 in 1986.

Table 4 from the U.K. Labor Force Survey of 1983 shows the reasons why older men are working part-time. Whilst the overwhelming majority of men over 65 who work part-time say they do not want a full-time job, less than half of male part-timers aged 50–64 give this reason. A significant proportion of older men said they were working part-time because they could not find a full-time job – 30% of men aged 50–59 and 20% of men aged 60–64.[22] Ill-health was another important reason for working part-time among men in this age group. It was a reason given by 13% of men aged 50–59 and 14% of men aged 60–64. The growth in part-time employment has enabled a greater number of older workers effectively to phase their retirement according to their own wishes. But it could also be interpreted that another dimension of the growing exclusion of older workers from the labor force in recent years has been a growth in the number of older workers pushed into more precarious forms of employment. Clearly, we need to know much more about the characteristics of this growing number of older male part-time workers.

Table 4: Reasons for Working Part-time* for Employed Men Aged 50–74

Reasons	Age: 50–59	60–64	65–69	70–74
Illness/ disability	13	14	3	2
Could not find a full-time job	30	20	4	0.5
Did not want a full-time job	28	40	67	75
Other reasons	23	24	25	21
Reasons not stated	6	2	1	1
	100%	100%	100%	100%
	(158)	(156)	(308)	(200)
Percentage of employees in part-time work in the age group in 1983	1.7%	5.3%	54%	65%

* Self-definition used

Source: *1983 Labor Force Survey*

2. Self-employment

An even more striking change in the pattern of employment among older males has been the growth in self-employment since 1979. Among men aged 55–59, the proportion of older workers in self-employment more than doubled between 1979 and 1986 from 8.6% to 17.1%.[20] Among men aged 60–64 the corresponding figures are 9.6% and 16.2%. About half of this increase is relative and reflects the fact that there has been a huge decline since 1979 in the number of older male employees. However, it is not simply the case that the self-employed are less likely to retire early. There has also been a significant increase in the absolute number of older workers who are self-employed. For example, among men aged 55–59, there was nearly a 50% increase in self-employment in absolute figures between 1979 and 1986.

Again, we need much more information on the factors that have contributed to this increase in self-employment and on the characteristics of these older self-employed workers. One implication of this trend is that it is likely that more older workers will postpone their retirement and will continue working beyond 65. A higher proportion of the labor force in self-employment implies that more people approaching retirement age will not face retirement at a fixed age. It is well established that the self-employed are more likely to remain in employment beyond state pensionable age than employees[23]: First, because they can adjust their hours of work more easily; secondly, for financial reasons (they have poorer pension cover). The growth in self-employment may be due in large part to the decline in employment opportunities for older workers, but it may have the effect of giving older males greater flexibility in the choice of retirement age.

Concluding Comments

There are signs that in Britain we are witnessing a repetition of previous periods in our history when, mainly for economic reasons, older workers were encouraged to postpone their retirement. It has been argued that throughout this century older workers have been used as a labor reserve to be expanded and contracted according to labor market conditions.[24] This has meant that "retirement rarely comes as a result of people choosing when they would like to leave work, in line with their priorities and time-scale as opposed to that of their employer's."[25] It is possible that this might change with a growth in "non-standard" employment opportunities, and a relatively more favorable labor market. Some older workers may benefit from a continuing growth in part-time and self-employment. But there is perhaps a greater danger that, whilst economic considerations continue to dominate retirement policy in Britain, many older workers will have little flexibility in choice of retirement age. In the 1990s we may see a growing gap between older manual workers and older non-manual workers with respect to their opportunities to retire early. This could mean that we face the prospect of older manual workers and older women continuing in employment, increasingly in low-paid, less pleasant jobs, whilst non-manual workers continue to retire early because it is in their interests and in the interests of their employers. If this is the case, we could find that those people who have the least generous pension entitlements become those most likely to postpone retirement. This means that current policies may have less than the desired cost-saving effect on pension expenditures.

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EARLY RETIREMENT POLICIES AND PRACTICES IN THE UNITED STATES

Denise F. Loftus[*]

Despite the end of mandatory retirement and despite other U.S. government actions to slow the several decades-old trend, early retirement of U.S. workers is accelerating. Sixty-one is now the nation's median retirement age. By age 62, almost half of all men are out of the labor force (they are neither working nor looking for work), and by age 64, three-fifths are "retired" by that definition. For women, the picture differs due to many factors including lower wages, late entry into the work force, and lower pensions.

During the 1980s, this early retirement trend received a significant boost as many companies introduced early retirement incentive packages in order to downsize, cut costs, and thus, they believed, compete more effectively in the global economic arena. These packages typically have been targeted at higher paid, long-term employees age 50 and older.

Midlife workers themselves must focus their attention on what these economic trends mean to their long-term financial security, their ability to meet family obligations, and their own sense of identity and self-worth. For example, despite the apparent generosity of many early retirement packages, most workers who take early retirement emerge with less money in earnings and benefits than those who work to age 65 or beyond.

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The question is, can midlife workers afford to retire early? The answer may be "no" for growing numbers of those who face financial responsibility for college-age children and elderly parents, as well as their own longer lives. Unfortunately, most do not realize just how long they will live or what they must plan for.

The demographic realities of our society are such that people are living longer, healthier lives, and the baby boom/baby bust is leading to labor shortages that are already beginning to appear in the service sectors of the U.S. economy.

Those workers who intend to take early retirement and then find other employment often face serious barriers such as age discrimination, skills obsolescence and long periods of unemployment, followed by under-employment or by forced retirement.

We must also evaluate just how voluntary are these early retirements. Some may not be strictly voluntary but may be in response to actual or perceived probable job loss, or to a lack of acceptable job opportunities for older workers. These retirements may be voluntary only to the extent that leaving the labor force is the best available option. Some workers might prefer another choice – either phased retirement or a "second career". But this choice is often not available because of job market realities. Usually, workers must choose between continued full-time employment (if indeed it is an option), part-time work for relatively low wages, or complete retirement. Given these limitations, many workers choose complete retirement.

Anticipating a dramatic decline in the ratio of workers to retirees as the baby boom generation becomes eligible for retirement early in the next century, Federal Government policy is beginning to be directed toward encouraging workers to extend their work lives. Social Security regulations have been altered to encourage later withdrawal from the labor force by raising the age at which full benefits may be claimed from 65 to 67 beginning early in the 21st century.

The penalty for retiring at 62 will be raised from a guaranteed 20% reduction to 30% reduction in benefits. There will also be an increase in delayed retirement credits for years worked beyond age 62.

The other strong economic factor impacting on early retirement decisions is occupational pensions. Contrary to Social Security, there is no one formula for calculating pensions, but an infinite number, depending on the organization, years of work, salary earned, etc. Enlarging and expanding occupational pension benefits has been the key to early incentive packages. Individuals need time and assistance to carefully assess the benefits before coming to a decision – time and assistance which are often neither permitted nor encouraged.

There are a number of actions by government and business that can prevent undesirable early retirement. These actions include aggressive enforcement of age discrimination in employment laws to ensure that the early retirement decision is a truly voluntary one. For despite the elimination of mandatory retirement in the U.S., the practice of it continues, although it is subtle and hard to prove.

Other actions include greater incentives to business to retain and retrain midlife workers as they realize the impact that loss of skilled personnel can have, as well as the high cost of rehiring and retraining to take the place of those who have left.

If it is essential for a company to downsize, it should be done in a way that does not place the entire burden for the company's financial problems on the shoulders of midlife workers. Consideration needs to be given to providing such work options as part-time work, job sharing and phased retirement and, as I have said, to provide the time and counselling needed for affected workers to understand the full financial and psychological implications of taking early retirement.

Only through appropriate education can midlife workers be helped to realize that they must take personal responsibility for systematic lifelong planning to ensure a financially secure and personally rewarding life at every stage. An important strategy for achieving this goal is training and retraining to learn new skills and update old skills, thus enabling them to remain a viable part of the constantly and rapidly changing world of work. The learning process should also involve self-assessment of interests and abilities, and instruction for conducting an effective job search.

Government, business, concerned groups and local communities have roles to play in expanding and adapting adult learning resources to meet growing worker needs in this vital area.

A predicted reversal in the early retirement trend toward the beginning of the next century will not eliminate the need for such ongoing life planning and continuing education. The need will, in fact, increase. Above all else, an enhanced understanding by employers of the value of the older worker is necessary.

The changing nature of work, i.e. the kinds of jobs available and how they are done as a result of new technology, changing consumer tastes and other economic realities, will result in a poor fit between newly created jobs and older workers' skills and experience. It is believed many workers will be employed in a series of jobs, even careers, over the course of their work lives.

Positive adjustment to working at a series of new jobs in the new economy requires basic changes in the way many people define themselves and their self-worth. Ongoing career and personal counselling will be necessary to help workers adapt to such changing circumstances.

Also critical to this adjustment will be the severity of the disincentives and barriers, usually based on myths and personal stereotypes, which employers place in the path of the older worker as it becomes more evident that hiring, training and promotion decisions for older workers are not entirely age neutral. In a 1985 study, Benson Rosen and Thomas H. Jerdee found that many managers exhibited age discrimination in their personnel decisions.[1] They asked 6,000 readers of *Harvard Business Review* (most of whom were in management positions) to make management decisions in seven hypothetical cases. In half of the respondents' questionnaires, the worker in question was a young person; in the other half, an older one. Except for the age of the workers, the scenarios were identical. In the almost 1,600 returned survey forms, respondents consistently made different hiring, promotion, discipline, and training decisions based on the stated age of the worker in question. Yet, in a final set of questions, respondents indicated a very high level of support for nondiscriminatory business practices. Interestingly, respondents age 50 and over were consistently more supportive of older workers than were younger respondents, from which the authors concluded that an older worker's best prospect for fair treatment appeared to be working for an older supervisor.

Such actions lead to what is considered an organizational self-fulfilling prophecy for the older worker who has been passed over for training and promotion (because options were not offered). Workers may then come to believe they cannot do the job since the organization has clearly given them this message.

I submit that lifelong work and financial planning, coupled with a broader definition of who the individual is and what the organization expects, will help today's and tomorrow's midlife workers experience less disruption to their lives resulting from changes in the world economic order, and enable them to maintain a sense of control over their own destinies.

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EARLY RETIREMENT AND THE MIDDLE-AGED: FUTURE WORKLIFE OPTIONS IN THE UNITED STATES

Malcolm H. Morrison[*]

Introduction

The discussion of early retirement takes place today under new social conditions. First, retirement is not uniform and its exact timing varies. Second, employment patterns have changed markedly in the latter part of this century; long-term employment with the same employer is much less common and job changing more common at least up through middle-age. And, third, working life has become much more flexible especially for women (who have entered the work force in large numbers), but also for men.

One major source of flexibility is early retirement. This has become very prevalent in nearly all developed countries.

The provision of finance for retirement can be viewed as achieving one of the major goals of the welfare state – economic security in old age. Once this goal was achieved, however, both government and private enterprise sought successfully to extend it by establishing mechanisms to make full retirement available even earlier than originally intended.

Even though labor force growth is slowing, competitive factors are continuing to influence organizations to reduce their work forces by using early retirement incentives. Despite some increase in demand for employees, retention of older workers is still not an approach that most organizations are willing to adopt. Some early retirees initiate a "second-career", a pattern that may become more prevalent over time. But, the availability of both public and private pensions providing economic security for most retirees mitigates against substantial labor force participation.

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Probably the most important question that arises in systems with early retirement as a major policy is: *To what extent can adjustments be made which will increase worklife options during later life and, thus, maximize individual choice*? At present, the answer to this question is not obvious in most countries with early retirement policies. At most, there are some limited experiments in place in some countries which provide some work options for persons who have "retired" and receive a public or private pension. At best, these options could be considered experiments by some employers who (for various reasons) are willing to employ retirees. In general, these have been successful, but there are few government or private sector policies which support this objective. Increasing work life options during later life for large numbers of older persons would require significant changes in policies accompanied by appropriate conditions of labor demand.

Importance of Labor Force Characteristics

While every country has differing labor force characteristics and socioeconomic circumstances, changes in these characteristics can affect development of future work life options for retirees. The United States presents an example of how this can happen.

Some of the important developments in the U.S. work force through and beyond the year 2000 will be:

- Population and labor force growth will slow down;
- Average age of both population and labor force will increase;

- Younger workers (16–34) will decline from 50% to 38% of the labor force;
- Workers aged 35–54 will increase by 25 million to 50% of the labor force in the 1990's;
- Immigrants will comprise 20% of the new labor force;
- The job market will require more professional, technical, management, sales and service occupations with more education needed; and
- Persons over age 55 will constitute a small proportion of the work force because of early retirement and limited opportunities to work.

These trends are based on the analysis of population, labor force and occupational trends.[1]

To indicate the need for caution in assuming that change in one factor alone will bring about increased labor force participation by retired workers, we can point to the experience with the shortage of "entry level" workers (age 16–24) because of the decline in their proportion of the U.S. population that occurred in the 1980s and still persists. This brought about increasing competition for young workers by employers. Yet, on an aggregate basis, labor force participation rates have not changed for older workers, have dropped somewhat for disabled workers and have dropped for black men. A decline in the availability of entry level younger workers therefore will not automatically result in increased participation for other groups that traditionally have not benefitted from employment growth. This is particularly perplexing when older workers and the disabled are considered because these groups report high rates of interest in obtaining employment.[2] It would appear that much more significant change will have to occur before such phenomena greatly increase labor force participation by these groups.

Work Among Retirees

Despite an overall trend toward early retirement, about one-quarter of United States retirees work one to three years (usually part-time) after receiving Social Security benefits. And, increasing numbers of older persons express strong preferences to continue working after retirement. These preferences are usually not actualized, however. The reasons cited by older persons include lack of available jobs, lack of flexible conditions of work (part-time, flexible day/hours etc.) and employer unwillingness to hire them.

A number of corporate surveys also indicate that up to one-third of early retirees report that they would retire later if again given the opportunity[3]. And about 20% of retirees report working for pay primarily to remain active and earn income. For example, a recent survey of their retirees by the Travelers Insurance Company indicated that:

- About 23% of retirees reported working (most worked part-time);
- Most returned to work within one year of retiring;
- Most said that need for income was their major reason for working;
- Most who worked said they felt less financially secure and less satisfied with the timing of their retirement decision;
- Working retirees reported relatively less income from Social Security and private pensions and less health insurance coverage. Yet, their health was very good, and they reported fewer health limitations than non-workers.
- Many working retirees said that they would work more if Social Security earnings limits (retirement test) were liberalized or eliminated and if organizational ceilings on working hours were increased.

Thus, although in the aggregate only small numbers of the retired are employed, a significant subgroup do continue to work for short periods after retirement. And those who work seem to have a particular set of characteristics including need for income, desire to continue work activity (often part-time), good health and perceived need for health care coverage. For these people, reductions in public pension benefits due to earnings above a certain income level and organizational limits on the number of hours they can work serve as disincentives to employment.

Employers and Older Workers

Since many United States organizations are having difficulty filling positions, efforts are being made to recruit so-called non-traditional employees including retirees, the disabled, minorities, etc. Firms have begun experimenting with older worker employment programs, participating in community job fairs, advertising directly to older persons, etc. A small number of firms have tried temporary hiring services to recruit older workers, independent contracting with older persons, and internal job pools of retired company employees.

Yet organization executives do report some problems related to older employees, including difficulty in creating new organizational roles, dealing with performance declines and motivating older workers to stay with the organization or return after retiring. Less than 10% of all United States firms now have specific policies to accommodate the needs of older workers either in terms of job opportunities, flexible work arrangement or employee benefits.

Implications for Work Life Options for the Middle-aged

The evidence available is ambiguous and simultaneously points in different directions. On the one hand, the predominant pattern continues to be early retirement with steadily declining labor force participation (with the exception of women aged 50–60). On the other hand, there are relatively modest signs that for a proportion of retirees, work is both a desired and an actual post-retirement outcome. Thus, the future development of work life options for the "middle-aged" is difficult to predict.

Some of the unknowns include:

- The extent of "labor shortages" in the future;
- The response of older persons to demand for labor, i.e. their marginal propensity to return to work;
- The degree to which organizations will modify their policies to accommodate the preferences of those older persons who want to work; and
- The extent to which public policies will change to provide more incentives for employment.

Although much has been written about "the need for" more of the retired to work and the social and economic benefits of doing so, such exhortation has not resulted in modifying early retirement trends and the decline in labor force participation by middle-aged persons. Some work options do exist for retirees, but for the most part these are relatively simple modifications of current employer policies to permit more part-time and flexible schedule employment. Those older workers who take advantage of these options are often persons who have a perceived need for more income and health benefit protection. More people may have these needs in the future, and (depending on labor demand) more may work.

However, so long as public and private sector early retirement policies are coupled with income benefits which replace reasonable proportions of pre-retirement income and provide health benefits, and so long as these provisions are coupled with a requirement to leave employment (with the current employer), large-scale labor force participation by retired middle-aged workers will not occur.

On the other hand, the coupling of labor shortages with the very high costs of retiree benefits may produce a modification in employer policies of providing generous early retirement benefits. A reduction or deferral in benefits would provide direct incentives for either remaining employed or returning to work. Thus, to a large extent, future work life options for the middle-aged will be substantially determined by changes in the economy and employer policy modifications, including education and training. In addition, work life options would be increased if public policy would provide greater support to employers who retain or rehire older workers.

Notes

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AGEISM IN THE BRITISH LABOR MARKET: THE SOCIAL CREATION OF ECONOMIC INSECURITY AMONG OLDER WORKERS*

*Alan Walker***

Introduction

The twin purposes of this short paper are to describe the impact of economic insecurity on older workers and to outline the main social processes and policies by which economic insecurity and dependency and, ultimately, the contemporary meaning of old age itself, are manufactured. The individual impact of insecurity and the processes which generate it are illustrated with reference to a recent British study of the labor market experiences of a group of predominantly older workers following redundancy.[1] This case study also provides evidence of the severe impact of labor market restructuring on older workers and, particularly, the continuing importance of social class and age as axes of restructuring.

The Context

The research was conducted within the British context of *both* long-term decline in the labor force participation of older men and high and rising unemployment in the mid–1980s. For example, 50 years ago more than half of men aged 65 and over were economically active compared with 7% today (6% for women over 60). More recently this trend has extended into the age groups below retirement age. In the decade 1976–86, the participation rate for men aged 60–64 fell from 80% to 53% and the rate for men aged 55–59 from 92% to 80%. In 1985 unemployment in Britain reached its postwar peak at an official rate of 12%. Women have been neglected in British research on older workers, primarily because the official unemployment statistics have undercounted a substantial amount of their unemployment and, since they are more likely than men to work part-time, they have been marginalized in other statistics, such as those on income and taxation.[2]

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Participation rates among women aged 55–59 were roughly the same in the mid–1970s and mid–1980s: 51%. Although the detailed picture is somewhat more complicated because of different trends in the participation of married and non-married women, there is a clear contrast between the economic activity of men and women in the five years prior to retirement. This, incidentally, contradicts the idea that older women are a reserve army of labor. The main factors differentiating women are their location in part-time employment and in specific sectors of the labor market, such as services, which are less prone to redundancy than primary production and manufacturing; and second, the fact that they are less likely than men to have occupational pensions.

The After Redundancy Study

The study was based in Sheffield – Britain's fourth most populated city – and consisted of detailed structured interviews with some 370 former employees in the forging division of a Sheffield steel company following its closure. The majority of those made redundant were older workers (55+) and the data in this paper concentrate on this group. Unfortunately, in view of the relative neglect of women in studies of redundancy, the vast majority were men. Two further characteristics made this group of ex-steel workers a particularly interesting case study. First, two-thirds and more were manual workers, whereas much of the previous research on older workers had been conducted among non-manual groups, which had contributed to a popular stereotype of voluntary withdrawal from the labor market. Second, a large proportion of the older workers had long service records with the same company before redundancy – 68% had at least 10 years service – and, therefore, they were relatively secure in economic terms.

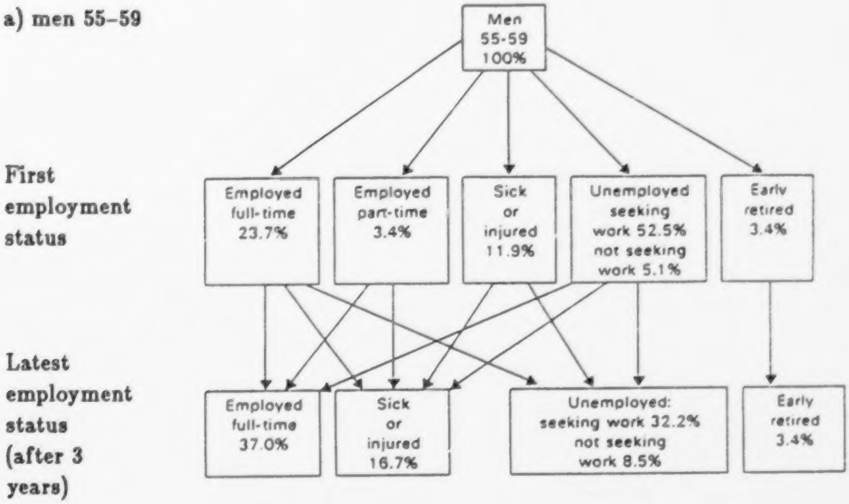
The Impact of Redundancy

By the time they were interviewed three years after redundancy they were divided almost equally between those still economically active and the inactive – 51% per cent and 49% respectively – according to the standard definition of such activity. However, in common with previous research, our data cast doubt on the appropriateness of conventional definitions of economic activity and inactivity. In other words, rather than a static picture of the potential population available or not available for paid employment, these economic classifications are dynamic and interrelated and depend to a large extent on the demand for labor. Thus, it is not only unemployment that increases when the overall demand for labor falls, but also the categories of economic inactivity: housewife, sick, disabled, full-time education, and retired. This indicates that economic security and insecurity are closely related to the demand for labor.

In the Sheffield study three in every four older people were without paid employment three years after their last full-time job. Unemployment, by conventional definition, was sizeable, yet only the large tip of the iceberg: about one-fifth of those aged 55 and over had no job and were still looking for one. The rest of the ex-steel workers had *withdrawn* from the labor market. In fact, economic inactivity – effective withdrawal from the labor market – accounted for more of the non-employment than did unemployment (average non-employment was twice the level of unemployment).

Figure 1: Employment Status of Older Male Workers Following Redundancy According to Age at Time of Redundancy

a) men 55–59


Men 55-59 100%
First employment status
Employed full-time 23.7%
Employed part-time 3.4%
Sick or injured 11.9%
Unemployed seeking work 52.5% not seeking work 5.1%
Early retired 3.4%
Latest employment status (after 3 years)
Employed full-time 37.0%
Sick or injured 16.7%
Unemployed: seeking work 32.2% not seeking work 8.5%
Early retired 3.4%

b) men 60–64

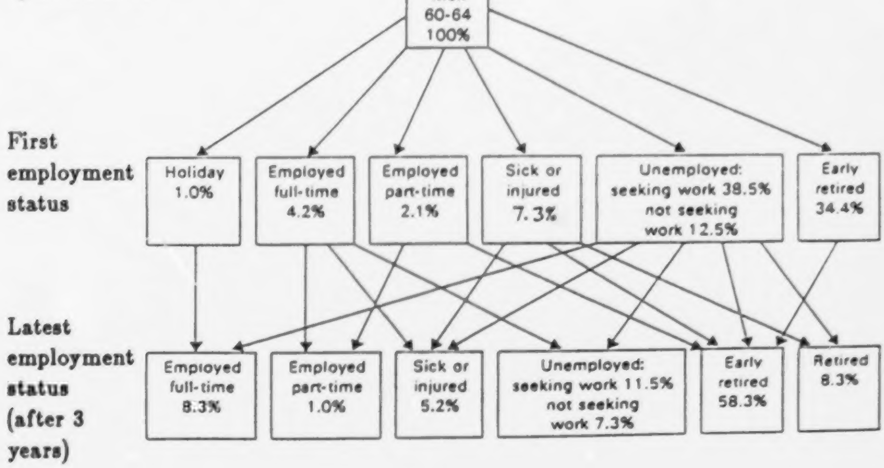

Men 60-64 100%
First employment status
Holiday 1.0%
Employed full-time 4.2%
Employed part-time 2.1%
Sick or injured 7.3%
Unemployed: seeking work 38.5% not seeking work 12.5%
Early retired 34.4%
Latest employment status (after 3 years)
Employed full-time 8.3%
Employed part-time 1.0%
Sick or injured 5.2%
Unemployed: seeking work 11.5% not seeking work 7.3%
Early retired 58.3%
Retired 8.3%

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Figure 1 shows the distribution of post-redundancy activity statuses for the two different age groups of male older workers, immediately following redundancy and three years later. This Figure demonstrates the remarkable impact of redundancy on a previously stable work force. Furthermore, redundancy had a differential impact on different age groups, not only among older workers themselves, but between them and younger adults. As *Figure 1* shows, the 60–64 year olds were ten times more likely than the 55–59 year olds to exit immediately from the labor market; whereas for the latter group, the route out of economic activity more typically consisted of unemployment and a long period of increasing discouragement prior to exit. Turning to the difference between younger and older workers: Two-thirds of those aged less than 40 were re-employed full-time immediately after being made redundant (compared with an average 17% of those aged 55 and over). The deeper impact of redundancy on older compared with younger workers is emphasized by looking at the incidence of non-employment over the whole three-year period. As *Table 1* shows, nearly two in every three older workers held paid employment for less than half of the three-year period, a non-employment rate more than double that of young and middle-aged adults.

Table 1: Proportion of Time Since Redundancy Spent Employed and Unemployed (%)

Percentage of time: employed, unemployed	Age at interview			
	Under 40	40–54	56+*	All ages
Employed				
0	13.1	17.6	52.5	30.4
1 -24	8.3	9.5	10.2	9.1
25–49	3.6	4.1	5.1	4.3
50–74	15.5	10.8	5.9	10.1
75–99	22.6	18.9	17.8	21.0
100	36.9	33.8	15.3	27.2
Total	100	100	100	100
Unemployed				
0	53.6	43.2	42.4	47.1
1 -24	21.4	25.7	19.2	22.1
25–49	8.3	5.4	8.0	7.6
50–74	4.8	4.1	5.6	5.1
75–99	7.1	9.5	9.6	9.1
100	4.8	12.2	15.2	11.6
Total	100	100	100	100
Number	84	74	118	276

* Excludes those over pension age.

Source: Walker, A.; Nober, I.; and Westergaard, J. 1985. "From Secure Employment to Labor Market Insecurity: The Impact of Redundancy on Older Workers in the Steel Industry". In: *New Approaches to Economic Life*, Roberts, B.; Finnegan, R.; and Gallie, D. (eds.), pp.319–337. MUP, Manchester.

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These differences based on age were offset slightly by a gender impact which meant that there was a preponderance of female discouraged workers in the younger age group. The small proportion of women in the study were concentrated in the under 40 age group and, immediately following redundancy, 4% of this age group classified themselves as "housewives" or "looking after family". Three years later 11% were in this category.

What did the experience of economic insecurity entail for older workers? As we have seen, it meant, first of all, the concentration of unemployment, experienced as a series of separate spells or as a single long-term, as well as other forms of non-employment. Second, as a result of redundancy and non-employment, older workers had lower incomes than younger ones (who were more likely to be in employment). Among older workers the employed were, not surprisingly, considerably better-off financially than others, whereas the unemployed were most likely to experience poverty. The mean total income unit income was £83 per week for those in the 60–64 age group who were employed, compared with £37 for the unemployed, and £53 for the early retired. Thus the proportion of unemployed people who reported having to cut down severely on their expenditures since being made redundant was three times that of the employed.

Moreover, the general process of involuntary disengagement among the non-employed following redundancy, particularly withdrawal from social life, was acute among the unemployed. These findings are supported by national survey data for the years 1980/82. Among manual class men aged 60–64 and their wives only 9% of the employed were living in poverty or on its margins, compared with on average 54% for the non-employed groups, which extended to 66% among the unemployed.[3]

Third, the concentration of economic insecurity among older workers was revealed by their greater likelihood to suffer symptoms of psychological distress. Using Bradburn's (1969) measure of "negative affect", we found that older workers were most prone to psychological distress, and it was the 55–59 year olds that were slightly more likely than the 60–64 year olds to experience distress.[4]

Fourth, economic insecurity in the labor market meant more than difficulty in finding employment. When older workers were successful in finding a job, it was not necessarily of the same type or grade as the one they had held previously. In other words, occupational downgrading was commonplace among those in employment. Moreover, once downgraded, they became more vulnerable to second redundancy: 27% of the employed found themselves in this position. This group, once regarded as being part of the "aristocracy" of skilled labor, when they were eventually pressed out of the labor market were in virtually the same position as the semi-skilled and unskilled.

These various dimensions of economic insecurity were reflected in the subjective responses of older workers. For example, older workers were much more likely than younger ones to regard their status as insecure: focusing on the unemployed, four out of five of those aged 55 and over rated their prospects of finding a job poor compared with one in four of the under forties.

Redundancy and Ageism in the Labor Market

What explains the different patterns of economic experience both among older workers and between older and younger workers? Before answering this question, how widespread is redundancy as a cause of non-employment? Data from the national Labor Force Survey in Britain (see Table 2) show that the majority of unemployed and discouraged men aged 60–64 had been dismissed or made redundant. Among the early retired, the main reason given for leaving a person's last job was that their employer had introduced an early retirement scheme in order to reduce staff. This indicates that the vast majority of non-employed men aged 60–64 left their last job involuntarily, and the proportion of 55–59 year olds doing so was even higher.

Table 2: Reason Given for Leaving Last Job*, Men Aged 60–64 Not in Paid Work by Class of Last Job

Reasons	Early Retired	Sick	Un-employed	Dis-couraged	All
Non-manual					
Dismissed, made redundant	3	14	58	63	19
Early retired when employer cut back on staff	47	26	17	26	37
Ill-health	3	49	3	0	9
Retired – normal age for occupation	43	7	5	5	28
Other	4	4	17	6	6
	100%	100%	100%	100%	100%
	(295)	(72)	(81)	(38)	(486)
Manual					
Dismissed, made redundant	14	23	78	68	36
Early retired, when employer cut back on staff	62	13	8	15	31
Ill-health	3	60	3	3	19
Retired – normal age for occupation	20	1	–	1	8
Other	1	3	11	13	5
	100%	100%	100%	100%	100%
	(352)	(230)	(194)	(101)	(887)

* Asked of those who left work up to 3 years before the survey.

Source: Laczko, F.; Dale, A.; Arber, S; and Gilbert, G. 1988. "Early Retirement in a Period of High Unemployment". *Journal of Social Policy* 17(3):313–333. Based on Labor Force Survey, 1983.

So, redundancy is a major factor in involuntary exit from employment in Britain and, in the Sheffield study, it was the immediate reason for the scattering of a previously stable and economically secure work force into the variety of employment-related statuses shown in *Figure 1.* Furthermore, because the number of years since last employment is a key determinant of poverty in old age, this economic insecurity was likely to be the precursor of deep and long-lasting poverty.[5] But why were older workers more likely than younger workers to then enter a period of sometimes extreme economic insecurity, which for some meant the end of their paid working lives? The answer to this question provides the foundation for an understanding of the social construction of economic insecurity and dependency among older workers.

In the first place, the fact that redundancy has a greater impact on older workers than younger ones is to a large extent a matter of public policy. In Britain redundancy payments are based on a formula which awards greater amounts the longer the period of service. This has both encouraged the view that it is more acceptable to make older workers redundant than younger ones and legitimated the use of age, by employers and trade unions, as a basis for redundancy. In the Sheffield study the redundancy package was designed to appeal to older workers. This is an example, therefore, of an employer using redundancy, in the same way that retirement has been increasingly used by employers over the course of this century, to *restructure* a work force by "buying out" those regarded as the least efficient.[6]

Thus, in the workplace, older people often come under intense managerial and peer group pressure to take redundancy or early retirement. An important aspect of this coercion is the financial inducement of a lump sum redundancy payment, and most of the older workers in our study received at least £5,000. In the words of one older worker who took early retirement:

> *"I saw the writing on the wall. Despite promises, people were losing their jobs or being moved to uncongenial jobs – I think on purpose to make them leave. I don't think any staff were sacked, but things were made uncomfortable and if I hadn't accepted the generous offer I might've been given the push one or two years later without the extra redundancy pay."*

Second, once in the labor market older people are faced with formidable barriers. They are more prone to illness and disability than younger people, and manual workers more so than non-manual ones. Reductions in working capacity on this score may remain invisible or be condoned by a long-term employer, but once unemployed, they become a hindrance in finding a new job. Also, older workers are at a great disadvantage because of age-discriminatory recruitment practices. Most of those in the 60–64 age group who were unemployed had more or less given up looking for a job, in the words of one 63-year old man, "because I'm sick of trying and being told I'm too old."

It was not only employers that were practicing age discrimination; official labor market intermediaries working in job centers advising job seekers, were also an important source of discouragement. Many older workers were simply not interviewed and, if they were, they were told that their job prospects were nil. In the words of a 63 year old man: "When I went to the job center they said they couldn't do anything for me at my age." This age discrimination operates across all socioeconomic groups, but its impact is greatest on the manual group. Therefore, redundancy has the effect of exposing the disadvantages associated with social class that influence other aspects of a person's economic life when in employment, such as poor working conditions (resulting in ill-health) and low levels of education and training, and opens the door to new ones related, in part, to age.

In the face of financial hardship and constant rebuttal from employers, it may seem remarkable that so many older people held on so tenaciously to the labor market. Yet, for many, especially those in the 55–59 age group, there was little choice. They were caught in a painful dilemma: On the one hand, there were the pressures associated with poverty and low incomes and the force of the paid employment ethic of capitalist societies, pushing them to search for a job or to accept an insecure one and, on the other, there was the reality of an age segmented labor market. In other words, the acute economic insecurity experienced by these older workers was a function of social policies with regard to employment, social security and retirement, with public policy playing a leading role. The end result of this socially constructed relationship between old age and the labor market is the economic hardship and psychological stress, outlined earlier, which is borne individually by older people and their families. Their experiences were a reflection of the general social creation of poverty and economic dependency among some groups of older people under capitalism.[7]

Social Exclusion and the Construction of Insecurity

The study on which this analysis has been based provides further evidence of the way in which the labor market has been increasingly structured in the twentieth century to remove older people from employment. The main driving force in this social process of structural disengagement has been pension policy and, particularly, the establishment of age-barrier retirement. This policy formed the basis for the development of institutionalized ageism in the labor market (and in society generally). Recently, unemployment, redundancy and early retirement have also been used to exclude older people, especially men, from the labor force. In Britain, the Beveridge Report, which established the framework for the postwar welfare state, confirmed the principle of state pensions being conditional on retirement and this paved the way for the pensionable ages (60 and 65) to be widely adopted as customary retirement ages by employers and trade unions in order to manage an orderly exit from the labor force. A recent econometric analysis of the factors contributing to retirement in postwar Britain concluded that external structural ones were paramount.[8] This lends support to the case advanced here that the economic insecurity and dependency of many older people is a direct consequence of the way the labor market has been deliberately structured to remove older workers.

However, this process of exclusion is mediated by the class structure and, therefore, its impact on older workers – whether exclusion results in economic insecurity and, if so, how severe it proves – depends on the social relations of class. The continuing importance of class as an axis of restructuring can be illustrated with reference to early retirement, which was the main exit route from the labor force in the Sheffield study.[9] In common with previous research on early retirement, ill-health and proximity to pension age were found to be important characteristics of early retirees. For example, the proportion of time spent retired increased dramatically the closer an older person was to pensionable age. This emphasizes the point that early retirement offers an escape route from the psychological distress associated with unemployment for those within striking distance of pensionable age. But class proved to be an important determinant of early retirement *within* age bands. For instance, among those within one to two years of pensionable age, the non-manual group spent an aggregate 86% of total time since redundancy in retirement compared with 67% for the skilled manual group.

An important indicator of the influence of class was another key determinant of early retirement: finance. The early retired were better-off than other non-employed groups and this income differential was underpinned by access to different class-related resources, particularly occupational pensions. Thus, the average occupational pension paid to non-manual class men was more than five times as great as the average paid to manual workers. (*Table 3* shows the extent of class-related income differentials based on national data.) This suggests that economic insecurity and economic dependency on the state following exclusion from the labor force are a function of social class relations and, although there was no firm evidence in this case study, gender.[10]

Table 3: Weekly Financial Resources by Social Class and Age for Men Over 60

	(a) Average Income (£)			(b) Average Occupational Pension			(c) Average Unearned Income (£) of Family Unit		
	Age			Age			Age		
Social class	60–64*	65–74	75+	60–64*	65–74	75+	60–64*	65–74	75+
Upper middle-class	127	57	41	65	32	29	5.8	9.8	5.9
Lower middle-class	93	49	40	35	18	17	3.6	2.5	1.9
Upper working-class	83	38	36	21	8	8	1.5	1.2	0.9
Lower working-class	71	40	35	17	8	7	0.9	0.8	0.4
All	85	42	37	35	11	10	2.0	1.8	1.2
Income of lower working-class as a percentage of upper middle-class income	56%	70%	85%	26%	25%	24%	16%	8%	7%

* All men are included, irrespective of their employment status, except for Table (b) ages 60–64, which only includes men not in paid work. Social class is based on own (current and last) occupation.

Source: Arber, S. 1989. "Class and the Elderly". *Social Studies Review* 4(3):95. Based on *General Household Survey 1980–82*.

Furthermore, social exclusion and ageism in the labor market have been consciously manipulated by policymakers in response to changes in the demand for labor and, therefore, older men may, with good reason, be said to be regarded officially as a labor reserve. For example, in the period immediately after the Second World War people of retirement age were urged *not* to retire, but to work longer and enjoy a happier old age. Special measures were introduced by the government to encourage them to do so. Moreover, medical and social science research began to indicate that retirement had detrimental effects. In contrast, as unemployment rose in the mid-1970s, policymakers began to encourage older workers to retire early in order to enjoy a happier old age. In 1977 the Job Release Scheme was introduced, as a temporary measure, to alleviate unemployment among younger workers by providing allowances for older workers to take early retirement and be replaced by younger ones. The scheme reached its peak, along with unemployment, in 1984/5 when 90,000 older people received allowances. In 1981, unemployed men aged 69-64 were awarded an additional social assistance premium if they withdrew from the employment register.

Public policies such as these, together with the discouraging effects of prolonged unemployment, age-discrimination in the labor market and public statements about the priority given to youth unemployment and, conversely, lack of official interest in positive action to improve the employment prospects of older workers, are all part of a process of structured exclusion which began for the older workers in the Sheffield study even before the redundancy itself. Attitudes toward employment, retirement and early retirement are not formed in a vacuum, and the periods leading up to and after the redundancies in question were marked by frequent references by opinion formers to the need for earlier retirement and, more importantly, public policies encouraging it. Not surprisingly perhaps, when the agenda has been set so thoroughly by official statements and policies, the general public reflected the same ageist bias. Thus, opinion polls in the early and mid-1980s found majorities as large as four out of five favoring early retirement as a means of alleviating unemployment. Moreover, older workers in the Sheffield study had themselves internalized this ageism and, when rationalizing exit from the labor market, they often dwelt on the perceived benefit to younger people.

Conclusion

This case study in Britain of the structured exclusion of older workers from the labor force took place in the context of supply-side economic management and this meant that there was very little cushioning of the harsh impact of economic insecurity for those most severely affected. Redundancy is a public event but it is experienced privately. In fact, two of the most important effects of economic insecurity are private atomizing phenomena: the struggles to make financial ends meet and the attempt to find a job. The absence of public policies to ameliorate these effects and the encouragement of ageism in the labor market, reinforced the privatization experienced by older workers. The clear lesson is that, because the relationship between ageing and the labor market is a matter of social and economic policy, it is possible to envisage alternatives which do not encourage and legitimate economic insecurity and dependency, or which at least adequately compensate older workers for bearing these burdens.

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Section Two: Older Workers of Asia and the Pacific

OLDER WORKERS IN ASIA AND THE PACIFIC: AN INTRODUCTION

*John McCallum**

The Asia Pacific region is characterized by rapid industrialization and rapid demographic transitions. Consequently "the older worker issue" has rapidly emerged in political and economic debates. The causes were, firstly, rapid economic growth. Excluding the Philippines, all the major Asia Pacific economies experienced average annual rates of per capita GNP growth of 4 percent or greater during the period 1965 to 1988.[1] Their rates of growth exceeded those of low income, middle income and industrialized economies of the world. The major nations are Japan, China, the newly industrialized economies (NIEs), Singapore, Hong Kong, Taiwan and South Korea, and the ASEAN nations, Indonesia, Malaysia, Philippines and Thailand. Some small Pacific nation economies in the region have also had high growth, for example Fiji. However, the experience of a *coup d'etat* in May 1987 has led to recession while demographic change continues to proceed at some pace.

Secondly, the speed of fertility declines in the region is equally dramatic, taking about one quarter of the time that they have taken in Western industrialized nations. During 1960 to 1985 life expectancy increased by more than five years in all Asia Pacific populations, and by more than ten years in South Korea, Malaysia, Indonesia and China.[2] By 2025 in some countries in the region, the proportion of population aged 60 years and over will be more than 20 percent, namely in Japan, Hong Kong, and Singapore, and in several, it will still be in the range 10 to 15 percent, namely in India, Indonesia, Malaysia, Myanmar (Burma), Philippines and Thailand.[3] In South Asia the number of persons 60 years and over is projected to increase from only 49 million in 1960 to 321 million in 2025. This is an increase of about 6.5 times compared to a population increase of 3.2 times. The process is even faster in East Asia. In East Asia the number of persons 60 years and over is projected to increase from only 48 million in 1960 to 323 million in 2025. This is an increase of 6.7 times compared to a total population increase of 2.1 times.

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The general advances in modern technology, medical science and health care delivery systems mean that many more years of active productive life are now possible than was previously the case. The magnitude of older labor resources in the region makes the utilization of older workers in rapid economic growth a practical and an attractive option. Even in poorer countries like the Philippines, the most enduring contribution of older people to economic development is in sustained agricultural work throughout their later years. In Japan, South Korea and China there is as yet no tradition of long periods of late life leisure. Hence Japan has very high participation rates for men aged 65 to 69 years of over 40 percent, despite its status as one of the wealthiest countries in the world.

The speed of population aging makes the consideration of the role of older workers in development an urgent matter. It will take Britain 86 years to move from 10 to 20 percent of its population aged 65 years and over. In Sweden the same process takes 68 years while in Japan it takes 25 years, and in Singapore 21 years.[4] Increased industrialization, urbanization and increasing labor mobility further create a rapid dynamic of change for the older person and his family. Since the development of a welfare state is either politically or economically infeasible in many Asia Pacific countries, work and family provide the two pillars of policy development for the elderly.

The state of workers in specific countries in the region is examined in what follows. Naoi uses one of the first longitudinal studies of elderly in the region to define the processes of retirement in Japan. The career pattern of retirement and re-hire between ages 55 and 60 years is a career transition that is unique to Japan.[5] Naoi sees three explanations of the extraordinarily high participation rates of older Japanese: first, economic necessity; second, the cultural value of work as a virtue; and third, the failure to develop leisure interests outside the work group. Her paper further reminds us of the rapidity of Japanese industrialization and the continued presence of farmers and self-employed men and women at older ages. Among older women, only salaried employees have a tendency to early retirement. The majority of women have held only part-time jobs. In coming years it is expected that more women will enter the salaried work force and that the Japanese more generally will develop a greater capacity to enjoy leisure in later life.

If Japan is the front runner in the economic development stakes, then the Philippines is one of the laggard countries in terms of economic growth. Domingo explores the problems of providing work, retirement and income security in a poor country. Work remains important. About 42 percent of Filipinos continue to work after age 65 years, particularly farmers who have no other means of support in old age. Family support is received by 32 percent of rural elderly compared to 60 percent of urban elderly whose means are greater than poor rural families. In spite of its underdevelopment, there have been contributory pensions for government workers since 1937, and 1957 for private company workers. Only 8 percent of the elderly receive pensions because of the inability of most to contribute, and 80 percent of the elderly report that they do not have enough money to live on. High inflation is a factor in this adequacy problem, as well as the relatively poor status of the country. Consequently, work and family are the main supports for Filipinos in old age.

Plange explores the situation of older workers in the Pacific island nation of Fiji. He discusses the implications of the British colonial legacy for the conditions of older workers. Because of the recency of the revolution, May 1987, Plange is able to plot its impact on older workers. In the aftermath of the coup, a decline in tourist trade and flight of capital have produced economic crisis. Some of the first steps to deal with the crisis have been to implement early retirement policies and to cut pensions and welfare. Political instability is a common feature of the developing world, so Plange's observations make an important contribution to our understanding of the vulnerability of the elderly in such circumstances.

These specific discussions set out in detail the dynamism and the diversity of the Asia Pacific region. There are now a range of sample surveys available for countries in the region and the knowledge of the condition of the elderly is growing rapidly. The key policy areas of family support and older workers are already the subject of lively debates in the region. Because of the diversity of conditions and cultures different policy solutions will be reached based on the policy priorities and economic conditions in the various countries of the Asia Pacific region.

Notes

1. 1988. *World Bank Development Report 1988.* Oxford University Press, New York.
2. 1986. *World Population Prospects: Estimates and Projections as Assessed in 1984.* Populations Studies No. 98. United Nations, New York.

3. McCallum, J. 1989. "Legislation and the Elderly in Asia and the Pacific". In: *Studies in the Integration of the Aging in Human Development.* United Nations, ESCAP, Bangkok.

4. Chen Ai Ju; and Jones, G. 1989. *Aging in ASEAN. Its Socioeconomic Consequences.* Institute of South East Asian Studies, Singapore.

5. McCallum, J. 1988. "Japanese *Teinen Taishoku*: How Cultural Values Affect Retirement, *Ageing and Society* 8:23–41.

WORK, RETIREMENT AND INCOME SECURITY: A VIEW FROM THE PHILIPPINES

*Lita J. Domingo**

One of the concerns arising from the growth of the elderly population is its impact on dependency burdens. A growing fear in most developed countries is that, over the next 20 to 30 years, the economically active workforce will not be able to supply a large enough tax base to support dependent age groups, especially the elderly.[1] This is not yet a major concern in the Philippines with its relatively youthful population. As shown in *Table 1*, the young impose a heavy load on the population, with a dependency ratio of 80 for every 100 persons of working age in 1980. The dependency burden of the elderly is considerably lighter with ten aged dependents per 100 15–59 year olds.

Table 1: Age Dependency Ratios, 1948–1980

Years	Total	Youth Under 15	Age 60 and Over
1948	96	86	10
1960	100	91	9
1970	101	92	9
1975	95	86	9
1980	90	80	10

Source: Domingo and Feranil, 1987.

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Utilizing medium term projections, Domingo and Feranil show that the dependency burden of the aged will increase from ten in 1980 to twelve in the year 2010, and to 21 in another 20 years.[2] The increase in the old age dependency ratio, however, is offset by falling dependency of the young, assuming that the assumptions of moderate fertility decline hold true. The overall dependency burden in fact, is expected to decline, although according to 1980 Census data, there is a wide variability of the dependency burden across regions.

Age-based macro indicators do not reflect the actual state of dependency of the elderly nor the capability of those of working age to support "dependents". To have a better idea of the economic status of the elderly, we examine various work and economic indicators next.

Participation in the Workforce

The Filipino elderly do not conjure up the image of incapacitated persons content to stay at home and thoroughly dependent. Based on a one percent sample of those 65 and older, their labor force participation rate (LFPR) is about 42%, suggesting that there are more than a million elderly workers in the country.[3] Relative to other age groups, the elderly exhibit lower rates of participation, as shown in *Table 2.* However, the average LFPR of the aged remains significant. Trend data for those age 65 and over and 55 and over are shown in *Tables 3* and *4* taken from published reports of a series of labor force surveys conducted by the National Statistics Office.[4] The pattern of rural rates exceeding those for urban areas, and males registering more than double the rates for the females, is consistently found through the four data points for both age groups represented in the table. The level of participation has been fairly stable from 1977 through 1986. Those who were 65 and over register LFPR of about 42%. The urban pattern

Table 2: Labor Force Participation Rates by Age and Sex, and by Stratum, 1986 (3rd quarter)

	Male	Female	Both Sexes
Philippines	**79.39**	**48.48**	**63.76**
15 – 19	48.93	30.76	40.05
20 – 24	74.50	49.66	62.29
25 – 34	93.26	54.58	73.10
35 – 44	97.06	59.80	77.83
45 – 54	95.38	59.13	76.92
55 – 64	87.13	49.84	68.10
65+	58.28	25.90	41.79
Urban	**79.15**	**47.19**	**58.18**
15 – 19	29.58	26.75	28.11
20 – 24	63.26	52.83	57.82
25 – 34	88.04	58.94	72.76
35 – 44	94.65	58.80	75.90
45 – 54	91.84	54.65	72.17
55 – 64	77.82	43.12	59.72
65+	42.18	17.26	29.00
Rural	**85.19**	**49.39**	**67.45**
15 – 19	60.37	33.74	47.92
20 – 24	83.68	46.80	66.12
25 – 34	96.79	51.47	73.32
35 – 44	98.48	60.42	79.03
45 – 54	97.37	61.99	79.72
55 – 64	92.61	54.17	73.32
65+	66.62	31.04	48.95

Source: National Statistics Office. 1988. *Integrated Survey of Households.* Bulletin Series No. 56.

Table 3: Trends in Labor Force Participation Rates of Population 65 Years Old and Over, by Sex and Stratum

	1977	1980	1983	1986
Both Sexes	**42.70**	**42.88**	**44.64**	**41.79**
Urban	29.74	29.59	29.10	29.00
Rural	48.58	48.38	51.65	48.95
Males	**61.38**	**60.69**	**61.25**	**58.28**
Urban	42.03	41.87	40.98	42.18
Rural	69.40	67.50	69.32	66.62
Females	**23.90**	**23.89**	**26.90**	**25.90**
Urban	17.62	18.45	18.48	17.26
Rural	25.08	26.19	31.16	31.04

Source: *Integrated Survey of Households, ibid.*

Table 4: Trends in Labor Force Participation Rates of Population 55 Years Old and Over, by Sex and Stratum

	1977	1980	1983	1986
Both Sexes	**53.60**	**56.01**	**58.79**	**56.84**
Urban	43.78	44.99	45.82	47.03
Rural	58.06	60.68	64.44	62.68
Males	**77.23**	**76.65**	**76.16**	**74.78**
Urban	62.13	62.50	61.19	63.18
Rural	83.32	81.98	82.16	81.23
Females	**28.73**	**34.92**	**40.80**	**39.60**
Urban	26.42	29.40	31.68	32.38
Rural	29.88	37.40	45.03	44.10

Source: *Integrated Survey of Households, ibid.*

stayed close to 30% while rural rates are approximately 50%. About 61% of males were in the labor force through 1983 but a slight decline to 58% is shown for 1986. The data suggest that this is mainly due to a decline in participation among the males in rural areas.

The female pattern shows the most change, especially for those in the rural areas. While the males registered a decline, the level of participation among women in the rural areas increased – from 26% in the late 70s and beginning of the 1980s to more than 30% in 1983 and 1986.

The 55 and over group exhibits the same patterns as the 75 and over group but, as expected, participation rates are considerably higher. Examining the changes for the two locales, as well as for both sexes, the largest increments in participation are observed between 1977 and 1980, and especially among rural females. From about 30% participation in 1977, the rate increased to 37% in 1980 and continued to increase to 45% in 1983; this rate was sustained in 1986.

The relatively high LFPR, especially for rural areas, is largely due to the significant number of workers engaged in agricultural activities. The regional variations in LFPR are shown in the CIDS report. Metropolitan Manila posted the lowest LFPR in 1980 (24%). The relationship between level of participation and urbanization is suggested since, aside from the National Capital Region, Central Luzon and Southern Tagalog, which are fairly urbanized regions and have a higher share of their labor force in non-primary industries, have participation rates which are way below the national average. Indeed, in 1978, the share of employment in non-primary industries of Regions III, IV and the NCR exceeded the national average of 50%.[5]

Table 5 summarizes the level of participation in the agricultural and non-agricultural sectors of different sub-groups of the elderly. It is clear that agricultural work is predominantly rural-based and involves mostly men (42% and 58%, respectively).

Table 5: Distribution of Elderly in Agricultural and Non-Agricultural Sectors, 1980

	Agriculture	Non-Agriculture	None	Total
Philippines	31.2	10.8	58.0	100.0
Stratum				
Urban	12.8	19.4	67.8	100.0
Rural	41.7	5.8	52.5	100.0
Age				
60–64	34.7	14.6	50.7	100.0
65–69	33.9	11.3	54.8	100.0
70–74	29.5	8.2	62.3	100.0
75+	22.4	5.0	72.6	100.0
Sex				
Male	58.7	14.1	27.2	100.0
Female	6.0	7.7	86.3	100.0

Source: One percent sample of 1980 Census. *1980 Census of Population and Housing.* National Statistics Office.

Involvement of the elderly in the labor force is clearly associated with age. *Table 6* distinctly manifests the declining LFPRs with increasing age. The CIDS report shows that this pattern is consistently found in all regions. A more detailed classification done by occupational categories is given in *Table 7*.

A majority of the elderly (48%) are found in the agricultural sector. A minimal percentage of the elderly are engaged in white-collar, sales, services, production-related and other occupations. The dominance of elderly women in sales and service occupations is seen in *Table 8*. This involvement may consist mainly of odd jobs like small retail businesses and the sale of farm products to help augment the family income.

Table 6: Labor Force Participation Rate (LFPR) Classified by Age

	Age				
Regions	60–64	65–69	70–74	75+	Total
Philippines	49.4	45.3	37.9	27.7	42.2
I. Ilocos	48.6	43.1	33.5	24.7	38.6
II. Cagayan Valley	53.9	46.2	44.4	29.4	29.4
III. Central Luzon	40.8	36.2	31.1	20.2	33.3
IV. Southern Tagalog	48.4	46.1	36.4	26.0	41.8
V. Bicol	50.3	52.1	41.7	34.4	46.5
VI. Western Visayas	49.7	45.4	38.3	27.8	42.5
VII. Central Visayas	54.3	53.1	47.5	33.5	48.7
VIII. Eastern Visayas	51.8	51.1	44.8	38.5	48.0
IX. Western Mindanao	59.0	57.5	42.7	39.7	52.9
X. Northern Mindanao	54.9	50.8	35.9	40.2	48.3
XI. Southern Mindanao	55.8	48.6	44.2	34.7	48.7
XII. Central Mindanao	57.2	56.1	48.5	40.5	52.3
National Capital Region	35.4	24.3	18.2	7.6	24.2

Source: "1980 Census of Population and Housing", *ibid.*

The major contribution of the elderly to the process of development in the country is in their sustained participation in agriculture. Aside from its predominance in the country, the fact that, in this sector, the pace of work can readily be adapted to the capabilities of the elderly, has greatly facilitated their involvement. However, trend data show that the share of employment in agriculture has been declining. In 1986, for example, 49.3% of the employed could be found in the agricultural sector – down from the 52.5% estimate in 1980.

Table 7: Distribution of Elderly by Occupation and by Age, 1980

Occupation	Age				
	60–64	65–69	70–74	75+	All Ages
White collar	4.7	2.4	1.6	1.0	2.7
Sales	6.8	5.7	4.6	2.1	5.1
Service	3.1	2.4	1.7	1.1	2.2
Production	8.1	5.0	3.2	7.3	7.3
Agriculture	57.5	53.8	44.4	29.4	47.9
Retired	11.4	20.0	30.9	41.8	23.9
Others	6.1	7.6	11.8	21.4	10.9
All occupations	100.0	100.0	100.0	100.0	100.0

Source: "1980 Census of Population and Housing", *ibid.*

Table 8: Distribution of Elderly by Occupation and by Sex

Occupation	Sex		
	Males	Females	Both Sexes
White collar	2.5	3.1	2.7
Sales	3.4	9.9	5.1
Service	1.3	4.5	2.2
Production	7.6	6.4	7.3
Agriculture	58.8	18.2	47.9
Retired	19.1	37.2	23.9
Others	7.3	20.7	10.9
All occupations	100.0	100.0	100.0

Source: "1980 Census of Population and Housing", *ibid.*

Given the importance of agriculture to the economic participation and, consequently, the wellbeing of the elderly, this trend may be considered an early sign of a problem that may accelerate in the future. The experience of some countries shows that changes in the economy, such as the declining role of agriculture and the increasing importance of specialized skills and training, have caused difficulty for elderly workers trying to adapt to different jobs.[6] If the downward trend in agricultural production persists in the Philippines, this may mean that, in the future, there will be fewer economic opportunities for older persons. This could lead to increasing dependency on families and, eventually, to increasing pressure on the government to provide for their economic needs.

Retirement

As shown above, the majority of the elderly engaged in economic activities are in the agricultural and informal sectors and, as such, the concept of retirement may be alien to most of them. From the ASEAN survey of the Filipino elderly, it was initially reported that only 10% of the sample considered themselves to be retirees.[7] The majority said they were working (39%) and about a quarter were doing housework. A large group said that they were not doing anything (27%). When this latter group was re-examined together with the non-workers, i.e. retirees and those engaged in housework, it was found that some had actually worked in the past. If one were to redefine retirement loosely to include those who used to work but have ceased to work, there would have been a total of 53% retirees among the ASEAN sample.

About half of the retirees stopped working by choice while the other half said they were forced to. Most of those in the latter group said that they had to stop working because of health reasons (56%). This problem is reported by more of the female retirees (64%) than the males (46%). Among the men, 42% said they reached the compulsory retirement ages. The relatively low proportion of women affected by compulsory retirement ages (5%) is reflective of their lower participation in the formal sector where retirement becomes mandatory once a particular age is reached. The other reason which surfaced as important in the retirement decision of females is family-related (17%). This included family obligations and the objection of the spouse or children.[8]

The ASEAN data further showed that more than half of those who reported forced retirement still wished they could rejoin the workforce, indicating perhaps the presence of a significant pool of unutilized manpower. This desire was more pronounced among the "younger" old and among males in the sample.

In terms of the timing of retirement, Feranil reports that urban workers tend to exit earlier from the workforce than do rural workers.[9] This is mostly due to the more informal work conditions in rural areas where physical capacity largely determines the length of participation. In the urban areas, about a quarter retired even before age 60. The corresponding estimate for the rural sample is lower, about 20%.

Another differential is by gender and, as expected, it is reported that women ceased economic involvement at relatively younger ages. Slightly over 30% retired before age 54, compared to only 11% percent of the males.[10]

The ASEAN sample were asked their opinion about what age a person should stop working. While a few said "as long as the person can work" or "depends on the person's health", the average suggested age is 67.9, which exceeds the present compulsory age at retirement. Silverio estimates that the rural mean (69) exceeds that of the urban by two years.[11] The data in *Table 9* show that, while those who retired at age 60 or over tend to suggest ages close to their own actual ages at retirement, more than half of those who retired before age 60 are suggesting that retirement should be between 60 and 65, and more than a third feel that they could keep on working even beyond 65. While the question posed was meant to elicit a general comment, it is likely that their own experiences have directly influenced their answers. The data suggest that early retirees experienced disadvantages, influencing their recommendation that retirement be at older ages. The experience of these retirees and their attitude toward such issues as retirement age should be instructive, especially at this point in time when discussion on lowering the retirement age is taking place.

Table 9: Distribution by Suggested and Actual Retirement Age

Actual Retirement Age	Suggested Retirement Age				
	Below 60	60–65	Over 65	Total	(N)
Below 60	8.68	55.99	35.33	100.0	(334)
60 to 65	3.45	58.62	37.93	100.0	(174)
Over 65	2.56	31.62	65.81	100.0	(117)

Source: Silverio, 1987.

Profiles of different groups of retirees are also provided by other studies in the Philippines. Razo focused on retired elementary school teachers of Daraga, Albay while Penaranda investigated retirees in Western Leyte.[12] Kuan, on the other hand, studied a sample of retirees from the two government insurance systems in metropolitan Manila.[13] These studies looked into their status, examined some of their activities and inquired into their attitudes about selected subjects.

Razo reports that most of the retired teachers lived with their family members in the province. They pass their time doing household chores and caring for grandchildren. Many are said to have wished that their retirement had taken place earlier so that they still would have had enough strength left to do odd jobs around the house. The author observed that many became sickly after retirement and felt they had become a burden to their families.

Penaranda emphasized the increasing importance of religion among the retirees. "Going closer to God" was said to be the best preparation for old age since they were nearing death. Economic status was likewise a major concern among this sample, and many wished they could obtain employment to augment the family's finances.

Kuan sought to determine the perceptions of retirement and reactions to role discontinuities of respondents in three age cohorts classified as "pre-retirement" group, "retiring" group and "retired" group. Among the findings was that the younger the age group, the more positive was their perception and reaction. Women were found to be more positive in their perceptions about retirement and were likewise more positive in their reactions toward role discontinuities than men. Kuan recommends that government agencies develop a holistic pre-retirement preparation program to help retirees in financial management (especially of the lump sum payment that government retirees get), as well as help them adjust to retirement psychologically, emotionally and socially.

The Social Security System

Among the various services rendered for the elderly is the provision of social security benefits for retired workers of government and private agencies, veterans and self-employed persons who practiced professions. Various benefits are provided through the Government Service Insurance System (GSIS) for government retirees, the Social Security System (SSS) for private agency retirees, including the self-employed who have made voluntary contributions, the Philippine Veterans Affairs Office for veterans, and the United States Veterans Administration for Filipino veterans of the United States armed forces.

These pension schemes have been in place for quite some time now (the GSIS started in 1937 and the SSS in 1957). However, due to the requirements of these schemes and the structure of employment, beneficiaries comprise only a very small segment of the elderly population. Abaya estimates that in the early 80s they comprised only about eight percent of the total aged.[14] The majority (especially farmers) do not qualify for such benefits. Abaya further believes that some may have lost their privileges due to non-payment of contributions or dues, while others are simply not aware of these benefits or are constrained by distance or perceived difficulties regarding procedures for membership.

As of the end of 1988, there were a total of 68,740 regular GSIS pensioners receiving an average monthly pension of P568 ($27). The SSS, on the other hand, provided an average monthly pension of P665 ($32) to 133,372 retirees from the private sector in 1987. Roughly, therefore, through these two systems, social security is provided to about 200,000 of the elderly (about 8% of the elderly).

One of the goals of these pension systems is universal coverage of their target beneficiaries. In 1988, there were a total of 927,147 GSIS members. Considering that there were an estimated 1.7 million government employees in 1986, not all of whom are permanent employees (therefore are not subject to mandatory enrollment in the GSIS), it may be stated that in terms of coverage, the GSIS has been fairly successful.

With the compulsory coverage of certain groups of self-employed persons under Presidential Decree No. 1636, which took effect January, 1980, the SSS moved closer to its ultimate goal. Horacio Templo, of the social security administration, reports that, while currently, the SSS is concentrated on the urban employed sector, there are no efforts directed at studying the feasibility of including employed farmers in its coverage.[15] Preliminary talks with various farmers' organizations have revealed several problems that may crop up in the operationalization of this plan. Though this plan can clearly be beneficial to the large majority of Filipino workers including the elderly, it is not clear when or if this expansion will ever be implemented.

To address the problem of lack of information and understanding on the social security scheme, the SSS has launched a vigorous information campaign through mass media and has also packaged materials for legislators. Templo reports that the response to these efforts has been encouraging, especially with regard to availment of benefits. He is hoping that there will likewise be an increase in voluntary compliance among the self-employed with regard to regular contributions. A notable pattern in the recent increases in voluntary contributions for the self-employed is that they have been highly selective of those in the 45–55 age bracket. Templo speculates that while this can simply be due to the fact that they compose a large proportion of the self-employed, it is also possible that this could be reflective of their sudden realization of an impending need.

A common complaint among pensioners is the amount of pension received given the rising cost of living and inflation (as evidenced, for example, by letters to the editor published in various newspapers). As will be discussed below, this issue is now being looked into by legislators. Mrs. Felicidad Villaruz, Vice-President and Actuary of the GSIS, stated that Presidential Decree 712 provides for the indexing of pensions in order for the beneficiaries to catch up with the rising cost of living.[16] The minimum pension has been constantly adjusted so that at the beginning of 1989, the amount was pegged at P400, ($19.20), an increase of P100 from the minimum a year ago. In 1988, 37% of the pensioners were receiving less than P400 a month. Raising the minimum therefore affects a significant proportion of the pensioners. Pensions have likewise been increased by 10% across the board but not in excess of P100. These adjustments are meant to benefit those at the lower end of the pension distribution and to close the gap between them and those receiving relatively high pensions. While Villaruz admits that these amounts remain small considering the constantly rising cost of living, the GSIS cannot afford bigger adjustments without breaking the system. Villaruz suggests that to help pensioners, other programs should be supported or designed, like providing free medical care to retirees.

In the SSS, several adjustments in retirement benefits for members have also been made and, during its last increase in 1987, the minimum monthly pension was also set at P400. As shown in *Table 10*, close to a third of the total 133,372 pensioners fall in this bracket. At the other extreme are those who are receiving P1,000 or more every month comprising about 16% of the total. Templo comments that, if the current move to increase the minimum to P500 is implemented, the distribution of pensions would suggest that a "flat rate" pension scheme is in operation.[17] He is of the opinion that an increase of say, P100 across the board will result in a pension distribution which would be more reflective of the differences in the levels of contribution of members. On the issue of the feasibility of the adjustment, Templo writes in his position paper of July 14, 1989, that the salary requirement for a pension of P500 can easily be met if the employer would regularly and properly remit contributions to the SSS and if these contributions are correctly reflected in the members' records.[18]

Maintaining a high minimum pension has some negative effects. Templo writes that it could have

> *"…a disincentive effect on those in the lower income group to contribute based on higher salary credits if this will result in the same minimum pension that they are already happy with. Members may attempt to stop contributing after meeting the requirements for entitlement to the minimum pension. More effort will thus be required in the collection activities of the SSS and it may become necessary to examine every claim which will fall below the minimum pension."*[19]

Table 10: Percentage Distribution of Disability, Death, and Retirement of Pensioners (as of March, 1989)

Range of Pension (Pesos)	Retirement		Disability		Death		Combined	
	%	CUM %	%	CUM %	%	CUM %	%	CUM %
400	28.85	28.85	40.05	40.05	20.19	20.19	26.54	26.54
401–500	14.93	43.78	14.51	54.56	22.57	42.76	18.08	44.62
501–600	10.61	54.39	13.98	68.54	21.52	64.28	15.57	60.19
601–700	9.02	63.41	6.86	75.40	11.99	76.27	10.01	70.20
701–800	8.46	71.87	5.43	80.83	5.93	82.20	7.04	77.25
801–900	7.01	78.88	4.59	85.42	4.60	86.80	5.72	82.96
901–1000	5.24	84.12	3.48	88.90	3.64	90.44	4.36	87.33
1001–above	15.88	100.0	11.10	100.0	9.56	100.0	12.67	100.0
Number of pensioners	133,372		33,768		120,368		287,508	
Average monthly pension	665.22		514.70		605.03		622.34	

Source: SSS Actuarial Department.

An analysis of *Table 11* based on the GSIS pensioners reveals essentially the same pattern. The range of amounts received by different groups of pensioners appears even more compressed. The generally lower rates received by government workers relative to workers from the private sector are likewise revealed (in 1988, only 7.4% were receiving pensions of P1000 or more).

Table 11: Distribution of Government Pensioners by Monthly Pension (as of December 31, 1988)

Monthly Pension (in Pesos)	Number			Percent Distribution	Cumulative% Distribution
	Male	Female	Total		
0 – 199					
200 – 399	17,382	8,215	25,597	37.24	37.24
400 – 499	7,530	4,588	12,118	17.63	54.87
500 – 599	4,793	3,349	8,142	11.84	66.71
600 – 699	3,726	4,122	7,848	11.42	78.13
700 – 799	2,450	2,250	4,700	6.84	84.97
800 – 899	1,734	1,631	3,365	4.90	89.86
900 – 999	1,197	654	1,851	2.69	92.55
1,000 – 1,099	1,005	510	1,515	2.20	94.76
1,100 and over	2,839	764	3,603	5.24	100.00
Total	42,656	26,083	68,739	100.00	

Average monthly pension = P 568.23
Source: GSIS Actuarial Department.

One dissimilarity between the GSIS and the SSS is the option to receive an advanced lump sum pension instead of 60 regular monthly payments under the GSIS. The SSS does not provide such a benefit. Requests from SSS pensioners for such a benefit usually cite as justification their need for starting capital to finance small livelihood projects or businesses. The SSS, however, believes that while a few might succeed in such enterprises, actual experience has shown that the majority fail. Further, administrators believe that this type of need could be better met by an employee-employer retirement plan sponsored by the company rather than by the social security scheme. While the GSIS has been providing such a benefit, Villaruz states that the plan is to discontinue this practice.[20]

A study of a sample of retirees from the GSIS office documents these observations. Kuan reports that while a few of the retirees have some knowledge of accounting and business investment, the majority did not know how to make their money earn more money.[21] Some reported hearing about financial investments, but they did not know how to go about it. Then, when relatives heard of their having received their retirement pay, they started borrowing money from them. Having lent money to one, it was hard to refuse other family members. Soon, they found themselves without any reserve for business ventures. Part of the recommendation made by the study is that pre-retirement preparation should include techniques of accounting and how to invest in business enterprises.

Another issue which has surfaced is the lowering of the age of compulsory and optional retirement. At present they are 65 and 60 years old, respectively. Three similar House Bills (HB) have been filed, varying only in terms of the ages proposed. HB 2065 proposes the amendment of the Revised Government Insurance Act of 1977 by setting compulsory retirement age at 55. HB 14638, on the other hand, proposes that retirement be compulsory at age 60 and optional at age 55. Optional retirement is proposed for those age 58 in HB 3329 while compulsory retirement is set at 60. These bills are said to be motivated by the desire to allow government workers more time to "enjoy their retirement benefit" (HB 2065) and "to invest their talents, abilities, and monetary benefits for private pursuits that will sustain him and his family for the rest of his remaining years" (HB 14638) and "to spend the remaining years of their lives in the best way they see fit" (HB 3329). In addition, the approval of the HB 2065 is said to "enable the government to employ new and younger workers in public service", while the proponents of HB 3329 state that its approval will "enable the government to save a lot in retirement benefits, while enabling it to hire young and energetic personnel."

When asked to comment on this proposal, Villaruz said that there could be costs, as well as benefits associated with such a move.[22] That employment opportunities will be freed up and made available to younger cohorts may be a good justification. However, Villaruz comments that government employment is relatively small (8% of the total employed in 1986) and, therefore, the possible positive impact will not be substantial. Further, many pensioners are still heads of households and have dependents and an early retirement will greatly affect their ability to perform in this role effectively. She adds that the fact that the average age of retirement is about 62 attests to the desire of the workers to stay employed longer rather than opt for an early retirement. (The ASEAN data also showed that 53% of those who were forced to retire still want to work.)[23] Actuarially, Villaruz adds that this will mean shortening of the contribution period and lengthening of the payment period. The financial requirements will therefore be enormous and the system is not ready for this. The points raised by both sides suggest the need for further study.

Income Security

As shown above, the majority of the elderly are not gainfully employed. When asked about their sources of income, only a third of the urban ASEAN sample pointed to their own earnings or those of their spouse. Among rural respondents, earnings from farm or other agricultural production were important sources of income (65%). Very few cited savings (less than 2%). Government pension is cited as a source for 14% of the urban group *(Table 12)*.

In addition, a significant category that surfaced, especially for the urban dwellers, is money from children. About 65% of females and 53% of male urban respondents said they received financial support from their children. The difference in the level of financial support from children between the urban and rural areas (60% and 32%, respectively) could be indicative of the greater capacity of the former to provide support to their parents or higher dependence among the urban aged.

Table 12: Percentage of Respondents Aged 60+ by Source of Income, by Age and Sex (Multiple Responses)

Sources of Income	Males	Females	Total
Urban			
None	0.0	0.0	0.0
Earnings from current job	34.8	16.3	24.1
Earnings from spouse's current job	7.5	9.4	8.6
Savings	0.0	2.6	1.5
Earnings from farm/other agricultural production	5.4	2.6	3.8
Money from children	53.0	64.6	59.7
Government pension	21.9	8.7	14.2
Spouse's pension	0.4	3.4	2.1
Rural			
None	0.3	1.4	0.9
Earnings from current job	41.8	17.8	29.2
Earnings from spouse's current job	4.2	8.3	6.4
Savings	0.0	1.4	0.8
Earnings from farm/other agricultural production	71.2	59.5	65.0
Money from children	24.6	38.8	32.1
Government pension	6.7	4.9	5.7
Spouse's pension	0.0	0.3	0.2

Source: Lita J. Domingo. "The Filipino Elderly: An Emerging Demographic Concern". Lecture delivered at the University of the Philippines, February, 1988.

For some special subgroups among the elderly, this system of support could be quite crucial for their survival – for example, widows and the "old-old", whose individual capacity for work is greatly hampered by poor health. From the 1980 Census, we learn that the widows comprise a significant proportion of the female elderly (41%).[24] Unlike some of the married women who can also count on their spouses for their livelihood, the ASEAN survey shows that the majority of widows (62%) mainly rely on their children's support for their subsistence. This pattern tends to affirm Filipino children's adherence to norms of filial obligation, of providing support to their parents in their old age. Further examination of their status reveals that only 14% have independent means of support either from their earnings (12%) or pensions (2%).

Basically the same pattern is derived by the UPLB and WHO surveys.[25] According to the latter, it was reported that paid employment was the main source of income for 32% of males and 14% of females. This, however, decreased with age and was replaced with increasing dependence on the family. The family was the main source of income for three-fourths of all women over 75.

The UST survey shows that 64% of rural respondents derive their incomes from farmland.[26] For the urban sample, as was shown in the ASEAN data, a significant proportion (64%) derived support from their children and relatives (compared with 31% for the rural), even though a fairly high proportion of this metropolitan Manila sample (23%) received regular pensions (albeit very small).

To expand further on the economic picture, let us look at the skills of the elderly from which they could derive some income. From the ASEAN survey, we learn that about 50% of the sample reported having some marketable skills. These include dressmaking, carpentry and various forms of handicrafts. However, less than half of these older persons actually put their skills to use to generate income.

Exchange of Support

Upon closer examination of the data from the ASEAN and UPLB surveys, we learn that the flow of support within Filipino households is not uni-directional. A situation wherein the parents are both recipients of support, as well as providers of support, seems to be common. According to the ASEAN data, there is a large proportion of the elderly who are still supporting their children. Among the urban dwellers, for example, 38% of the males said they received support from their children; 20% are giving support to their children. On the other hand, a system of exchange of support (where the parents both give and receive support) is reported by a larger group (37%). For rural dwellers, a larger proportion (43%) enjoys this exchange of support (see *Table 13*).

These data provide a mixed picture of the economic status of the elderly. While some tend to project self-sufficiency and continued capacity for gainful work, others are in great need of economic assistance which to date, has mainly been provided by their families. Given the generally low socioeconomic status of most families, it is, therefore, not surprising that more than 80% of the ASEAN sample reported that "not having enough money to live on" is a "very serious problem" for them.

Agricultural work has been a main source of livelihood for a significant proportion of male elderly, but with changing technology and the growing importance of non-agricultural production, their economic participation and sense of self-sufficiency are threatened. This will be even more true of future cohorts.

Table 13: Support to and from Children, by Sex

	Urban		**Rural**	
	Male	**Female**	**Male**	**Female**
Receiving support from children	38.1	50.4	20.7	31.9
Giving support to children	20.0	9.4	26.8	13.6
Receiving support from children and giving support to children	36.6	35.0	43.1	42.7
Not receiving and not giving	5.3	5.1	9.4	11.8
Total	100.0	100.0	100.0	100.0
N	(265)	(351)	(299)	(279)

Source: Lita J. Domingo, *ibid.*

There are some trends, however, that can help offset the negative impact of these changes. One is the increasing education of younger cohorts.[27] This improvement could mean that there will be increases in their participation in the more formal sector of the workforce. More workers might then be covered by pension plans. Thus, they would have some assurance of economic support in their later years. Change in the nature of work may also mean a possible increase in earnings and savings, some of which can be earmarked for the retirement years.

Further, in the 1983 National Demographic Survey, there are indications of decreasing expectation of support from children among younger cohorts.[28] If the pattern observed suggests a trend, then perhaps cohorts who are approaching the older age brackets would deal with the problem of self-sufficiency early on in their lives. This will mean increased pressures for both employment generation and protection by the social security system.

It is not clear what changes will take place or how fast these changes will occur. In the meantime, the economic profile of the elderly suggests that when planning for the economic wellbeing of the elderly, their diversity in capacity, attitude and need should be considered.

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OLDER WORKERS IN A DEVELOPING ECONOMY: AN OVERVIEW OF FIJI'S OLDER WORKERS AND CURRENT POLICIES

Nii-K Plange[*]

Fiji, like many developing countries with small and vulnerable economies, faces a critical problem of population aging and the lack of resources to cater to the growing elderly population. This is an important agenda for development policy, planning and implementation. For some developing countries this crisis exists in the context of increasing debts, falling prices of exports, inflation, and the need to introduce structural adjustment policies which do not prioritize government spending on social (welfare) services. Good health and longevity are attained through improved medical facilities, and socioeconomic wellbeing, which depend on one's total economic resources. This can be a problem for many, especially the non-income earning. In small underdeveloped economies, with an over-supply of adolescent labor, high unemployment and accompanying lower wages, this is a pronounced problem for older workers.

This paper highlights some of these problems as they confront the elderly in Fiji and considers existing concerns and actions toward policy changes to cater to today's elderly, and prepare infrastructure for the future when their ranks will increase.

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Aging Population in Fiji and Living Conditions

Census results indicate a steady growth in the aging population (defined as those 60 years and over).

Table 1: Growth in the 60+ Population, 1966–1986

Census Year	60+ Population	% of Population
1966	16,174	3.4
1976	23,771	4.0
1986	35,395	4.9

Source: Census reports, Bureau of Statistics, Suva, Fiji, December 1987.

Population projections to the year 2000 and over indicate further growth in absolute numbers and percentage of the aged population.

Table 2: Projected Population: 1990–2020 (Medium Variant)

Year	Number	Percentage
1990	45,000	6.0
2000	64,000	7.7
2010	93,000	10.3
2020	138,000	14.6

Source: *Global Estimates and Projections of Population by Sex and Age*, U.N., New York 1987.

It is partly these projections that have compelled a concern with the absence of policies to cater to the increasingly healthy but aged population. This consideration from concerned groups has emerged, partly, in view of an existing government policy which pegs compulsory retirement at age 55 – a peak and, in many cases, still productive age for many, and a general absence of any comprehensive policy on the elderly. Furthermore, there is an increasing awareness and acceptance of inevitable changes in the economy of the society leading to improved education, increasing urbanization, migration and smaller families. Migration particularly has slowly dented the strength of the traditional family in providing care for the aged, while smaller families pose a problem for care in the future. For many people it is not the wish to care that is fading away, but the means to care. The latter problem is inevitably financial and, in extreme circumstances, caring in terms of the provision of economic resources is reduced to a bare minimum. This threatens autonomy and self-perception of the elderly, since, in Fiji, very few of them work and, by historical accident of minimum education, fewer of them have the skills to command respect in a small but competitive labor market. *Table 3* shows the general level of education of today's elderly, while *Table 4* shows their levels of skill attainment.

Table 3: Number and Percentage of Elderly (60+) Without Formal Education and Those With 1–4 Years, 5–7 Years and 8 or More Years of Education by Sex, and Rural-Urban Residence

	Urban Residence						Rural Residence					
	Male		Female		Total		Male		Female		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
0	24	15	60	39	84	27	52	21	71	34	123	27
1–4	52	34	51	32	103	33	94	39	65	35	159	35
5–7	35	51	29	18	64	20	49	20	55	26	104	25
8+	44	28	18	11	62	20	49	20	18	9	67	15
TOTAL	155	100	158	100	313	100	244	100	209	100	453	100

Source: *Aging in the Western Pacific: A Four-Country Study.* Western Pacific Reports and Studies No. 1, WHO(WPRO), Manila, 1986.

Changes in this education and skill profile of the elderly will occur, but slowly, since many of today's elderly who are almost in (or have moved since 1985 into) the ranks of the official elderly still do not have enough education.

Aging in Fiji, to date, is experienced mainly within the context of traditional family and community care, remittances from (migrated) children, and among Fijians particularly, a network of kin relations. *Table 5* demonstrates the extent of family-and-kin-context of living and care of the elderly. From this table, a sense of the size of the traditional family can also be obtained. Census reports of 1987 demonstrate the predominance of large families and households.

Table 4: Number and Percentage of Elderly Who Had Worked in Various Occupations, by Age and Sex

	60–64		65–69		70–74		75–79		80+		TOTAL	
Occupation	N	%	N	%	N	%	N	%	N	%	N	%
Male												
Professional	13	12	7	6	5	5	1	2	1	2	27	7
White collar	8	7	3	3	5	5	5	12	2	5	33	6
Skilled	30	27	26	25	19	25	11	26	7	17	95	24
Unskilled	29	27	34	33	22	27	14	25	11	28	110	28
Home duties	0	0	1	1	1	1	1	2	2	1	5	1
Other	27	27	33	32	27	37	24	43	17	34	128	34
TOTAL	107	100	104	100	100	100	56	100	40	100	388	100
Female												
Professional	4	4	0	0	1	2	1	2	0	0	6	2
White collar	4	4	2	2	0	0	0	0	0	0	6	2
Skilled	5	5	2	2	3	5	0	0	0	0	10	3
Unskilled	23	23	16	18	9	21	14	24	8	20	70	21
Home duties	50	49	51	38	20	47	32	54	24	59	117	53
Other	16	16	17	20	11	26	11	19	9	21	64	19
TOTAL	102	110	88	100	43	100	59	100	41	100	333	100

Source: *Aging in the Western Pacific, ibid.*

Recently collected qualitative data show the structure of the family and the living arrangements which accommodate the elderly. These data were collected in selected, but representative, rural and urban areas in Fiji.[1] Living arrangements include children, spouses, and in many situations other kinfolk. All these mobilize their human and other material resources for the maintenance of the entire household and the care of the elderly within them. *Tables 5, 6* and 7 show the extent of these living arrangements.

Table 5: Number and Percentage of Elderly (60+) Living with their Children by Number of Children

No. of Children	People Living with Children	
	N	%
1–3	152	72
4–6	207	82
7+	220	88

Source: *Aging in the Western Pacific, ibid.*

Table 6: Number and Percentage of the Elderly (60+) Living With their Spouses, by Age and Sex

	60–64		65–69		70–74		75–79		80+		TOTAL	
Sex	N	%	N	%	N	%	N	%	N	%	N	%
Male	95	86	81	80	67	69	30	73	25	64	298	77
Female	73	68	51	52	23	38	13	30	5	12	165	47

Source: *Aging in the Western Pacific, ibid*

Table 7: Number and Percentage of Elderly (60+) Living With their Children by Marital Status

Marital Status	People Living with Children	
	N	%
Married	370	76
Widowed	213	85

Source: *Aging in the Western Pacific, ibid.*

These living arrangements do not vary significantly between urban and rural residents. The study from which these figures are drawn also shows, for example, that 77% and 79% of the elderly, in urban and rural areas respectively, live with their children. Widows and widowers are also absorbed into this traditional household and their care is diffused within the general membership of the household. In Fiji, 85% of widows live with their children and are cared for by the household. There are, however, isolated cases of loneliness and lack of care.[2] Household maintenance and care of the aged, however, includes a considerable amount of *Reciprocal Subsidization*[3], a living situation in which the elderly contribute significant resources, either in kind or other, to the general resource capacity of the household. Babysitting, cooking, provision of homes, some farm work (for those in rural areas), land and sometimes rent or royalties. Among Indo-Fijians particularly, cane contracts are part of this contribution. Together with earnings of working children and relations, a household is able to attain some level of economic viability.

Differences in earnings, size of family/household, and other subsidization by the elderly, inevitably contribute to the differences in circumstances of care and living conditions. The source from which the elderly acquire their contribution, especially financial contribution, partly provides the context in which the issue of older workers can be grasped and discussed. This certainly does not overlook considerable, but financially unremunerative, activity undertaken in farming, fishing, etc.

The Elderly at Work

In the circumstances of our contemporary world and economy, work, with financial remuneration as wages or salary, occupies a position of supreme importance. It not only provides financial independence leading to autonomy; it also provides a dynamic environment for interaction, education, dialogue, debate and a stimulation of one's mind and potential. Creative efforts to meet new challenges at the work-place underline one's self-definition and perception, as well as a feeling of contribution to the organization and country. It is partly for these reasons, and the considerable amount of one's lifetime and efforts taken up by work, that retirement, especially compulsory retirement, becomes a traumatic experience. This experience, a modern one, exists for an increasing number of people who work in the formal institutions of the modern economy. In the informal rural subsistence economy there is no age-specific retirement from work. Activities are undertaken to the level of one's ability and not chronological age.

In Fiji, the nature of the economy, stereotypes about old age itself as a 'respectable' and restful period in one's life, and the generally low skills level of the elderly, have together precluded a high rate of elderly worker participation in the modern economy. *Table 8* shows the numbers and percentages of the elderly at work, full- or part-time. When this is viewed across age-groups, as in Table 10, it becomes clear that the young elderly, those between 60–64, have the highest number of participants in the labor force or other "activity concerned with providing the necessities of life..."

Table 8: Number and Percentage of the Elderly (60+) Working Full or Part-time: by Sex and Rural-Urban Distribution

	Male		Female		Total	
Resident	N	%	N	%	N	%
Urban	25	16	7	4	32	10
Rural	28	12	5	2	33	7

Source: *Aging in the Western Pacific, ibid.*

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Table 9: Number and Percentage of the Elderly (60+) Working Full- or Part-time: by Age and Sex

	60–64		65–69		70–74		75–79		80+		TOTAL	
Sex	N	%	N	%	N	%	N	%	N	%	N	%
Male	26	23	16	15	9	9	0	0	2	5	53	13
Female	6	6	3	3	2	3	0	0	0	0	11	3
Both	32	14	19	9	11	7	0	0	2	2	64	8

Source: *Aging in the Western Pacific, ibid.*

Income from work then constitutes the main source of financial resources for only about 10% of the elderly population. And in this general category of income earners, women fared much less well as a group and across the various age categories. The reasons for this are well known. Absence of salary or wage income compel many of the elderly to depend on a miscellany of sources. A large number of the elderly in Fiji, about 40%, depend on generally diffused, unspecified, unquantifiable and intermittent sources of income for their wellbeing; hence, the inability of many to name or specify a particular source of income.[4] Those who have retired from public service are few, and their retirement remuneration minimal. Those who have retired from the private sector are also few. Many of the retired elderly have made their way to villages and rural communities to be absorbed into the vortex of family households and rural communities. For many, there are no pensions except the usual parting gift of a wall clock, an amount of money, a handshake, and a party. Thoughts that this amount of money will be invested in something worthwhile dissipate with time – so does the lump sum. Small wonder then that over half of the elderly surveyed, regardless of age or sex, complained that they do not have enough money.[5]

The varied sources of livelihood of the elderly parallel the varied types of work within the rural sector. Fiji is primarily an agricultural country and about 60% of the total national population live in rural areas.[6] The sugar cane economy is rurally based, as are the copra plantations and other farm sources of most locally produced foodstuffs that reach the urban-suburban markets. The outlying islands, rural in nature and characteristics, and water-locked, survive mainly on simple agricultural activities and fishing, and some occasional crafts for the market. The rural elderly participate in all these activities to their capacities. Hence, their high participation in the labor force per census reports as in *Table 11.* (The census project defined work as "activities concerned with providing the necessities of life".[7])

However, the non-immediately remunerative nature of many of these activities prevents their identification as income sources and therefore do not enter, satisfactorily, into survey data. Older people in rural areas thus participate in the labor force mainly to meet the immediate needs of the household. Small wonder then that, in the four-country study, 37% of rural elderly, compared to only 13% of the urban elderly, gave responses which indicate involvement in other labor activities.

Emphasis on important ceremonial and traditional values and the role the elderly play in them still allow their effective participation in decisionmaking, and therefore grant them some level of autonomy. This is still used to command resources within the family and the community, to discipline youth, etc. Nevertheless, autonomy that is dependent on access to independent financial resources becomes fragile where those resources scarcely exist. Furthermore, autonomy, as expressed through participation in activities of the workplace itself, could be lacking. Even in rural areas, autonomy which is derived from traditional knowledge and skills is under threat by the penetration and influence of modern values and knowledge,

Table 10: Labor Force Participation Rates (LFPR): Employment and Unemployment Rates of Population 60+, by Sex, 1987 Census

Sex and Labor Force Participation	Number*	Percentage*
Both Sexes		
LFPR	11,168	41.0
Employed	11,099	40.7
Unemployed	69	0.3
Males		
LFPR	9,500	34.3
Employed	9,453	34.7
Unemployed	69	0.2
Females		
LFPR	1,668	6.12
Employed	1,646	6.04
Unemployed	22	0.08

* Number and percentage exclude those whose age is not stated.

including equipment and tools for agriculture and fishing which emasculate traditional technology. Thus in Fiji, survey data indicated that only 41% of men and 28% of women believed that it was appropriate for people of their age group to work in circumstances where technology has displaced traditional skills.[8] This was shared across age groups, though with decreasing emphasis as age increases.

Older Workers and the Developing Economy

The economy of Fiji is dependent on limited resources. Sugar and tourism are the dominant sectors, supplemented by small-scale gold mining, copra, and more recently, tuna fish canning for export. A variety of small agricultural products like ginger, pawpaw, etc., have recently been added. The industrial base is dominated by sugar milling and, very recently, garment factories locating in newly created tax free zones. The overall performance of the economy was good in the early 70s. By the end of that decade, however, it began to show signs of contraction under the global economic recession, the oil crisis, etc.[9] With demanding development programs in areas like education, health, and agriculture, there was no policy initiative for the creation of old age pension schemes or related measures. The traditional family then retained its responsibility for care, changing circumstances notwithstanding. This was reinforced by constant reminders and exhortations of children's responsibilities to elders and parents, and of traditional values and norms of respect for the aged and the dignity of the aged.

The small size of the economy made it difficult to retain elderly people on the job, and there was no reconsideration of public service regulations inherited from the colonial economy and service. The mandatory retirement age remained. Few older workers stayed beyond it, either in the private or the public sector. Those with pensionable jobs in public service were seen as fortunate, even though pensions were small. Given the agricultural base of the economy, fewer older people remained in urban areas, as shown in *Table 11.* Many return at retirement to farm families or semi-subsistence communities in the rural areas. The contractual relations between the Fiji Sugar Corporation and the cane growers and the Emperor Gold Mines and the miners, for example, provide no pension payments. Older and retired miners have to fend for themselves, while aged sugar cane farmers remain on the farm with children. The family once again remains the only source of support for many older workers, while public and private old people's homes absorb very few because of the painful stigma attached to institutionalization.[10]

Table 11: Total Population Aged 60+ in Rural and Urban Areas

	Residence				
Age	Urban	%	Rural	%	Total
60–64	4,015	33.3	8,028	66.0	12,043
65–69	3,027	32.9	6,163	67.0	9,190
70–74	1,896	31.5	4,112	68.4	6,008
75+	1,825	31.5	3,966	68.4	5,791
TOTAL	10,763		22,269		33,032

Source: *Report on Population Census, 1986*, 1. Bureau of Statistics, 1987.

By the early 1980s the contraction of the economy began to produce a growing category of unemployed youth at the same time that the elderly population increased. The government defined its major unemployment problem as a youth, and not an older worker, problem. Those near sixty were seen as potential retirees who would release necessary openings for fresh and energetic younger workers. Every year approximately 20,000 school leavers enter the labor force, while about 4,000 leave through attrition, migration and death. In attempting to solve growing unemployment problems, employment programs, some funded through foreign aid, are concentrated on training youth and creating new jobs for them – not re-deployment or retraining of older workers. The developing and struggling economy, with about a 17% unemployment level, just has no room for an elderly retiree or a potential retiree. The unwritten policy is to encourage older workers to retire early. Hence, the recent government announcement that the retirement age for civil servants would be 55. There is no doubt that this will also be accepted by the private sector. All this threatens older worker labor force participation.

Older workers, few as they are in public service, are either anxious about their impending retirement or nervous about being asked to leave if they have been kept on beyond the normal retirement age. Few of the elderly are called back on contracts. Those actually working without any ambiguity are the few professionals in private enterprise. The rest then are left in the lurch; and in an economic situation of over- supply of labor, especially in the younger age group, employers are free to recruit to their satisfaction.

Older workers – those still employed in the private and public sectors, those who could be deployed, and those who can undergo retraining – face, as a group, some prejudices in the job market. Elderly people are still perceived as weak, relatively less productive, and sometimes without the necessary skills. The latter is underscored by the modern technology of factories with its high intensity demand, speed and concentration. Employers, very careful and mindful of workmen's compensation payments, try to avoid or replace older workers since they "become regular targets for accident and thereby become victims for payments".[11] Then there is still the old die-hard view that older people should stay home and be cared for by their families.

Additionally, Fiji supplies some labor to neighboring Australia and New Zealand. This competitive market for skilled workers has made employers act "rationally" to engage younger people to whom they could provide necessary training and be assured of longer years of exacting productivity. This circumstance also provides little motivation for older workers to be redeployed, retained or retrained.

Current Policies for Older Workers

In the above context, the elderly are structurally marginalized from the formal economy as workers and their participation restricted to informal activities at home, on the farm, or within the community. Inevitably income for many has to be sought elsewhere. Hence, the dependence on family and kin. Official forms of income security are minimal. Savings, if any, also remain minimal for many, since with low skills and low wages and salaries, sizable saving for older years is difficult. Among Fijians, particularly traditional *mataqali* (extended family) obligations tend to place a heavy drain on savings.

Income security is now provided with the creation of a Fiji National Provident Fund. But this is relatively new and would mainly benefit current workers. Social welfare provides some financial assistance but the mean-tested sum is always small. Only a few older people receive this, though their numbers are high, and keep growing higher on the list, as shown in *Table 12*. This gradual increase, especially among the indigenous Fijian elderly, on this list is a distant but clear signal of some of the socioeconomic changes that are in store.

The destitute allowance, together with existing public old people's homes, were established primarily to cater for aged indentured Indian laborers who might have no means of survival and nobody to take care of them in old age.[12] Here, too, the composition of recipients has changed to include indigenous Fijians. Even though their total numbers are small, they constitute 36% and 21% of residents in six public and private homes studied.[13]

Table 12: Population Receiving Destitute Allowance in Suva-Navua-Nasinu Area by Categories of Recipients

Category	N	%
Partially/totally handicapped	103	7
Over 60 years (including widows over 60)	598	43
Prisoners dependents	17	1
Medically unfit	210	15
Deserted by spouse	192	14
Death of breadwinner (including widows below 60 years)	280	20
TOTAL	N = 1400	100

Source: Department of Social Welfare, Head Office, Suva, March 1989.

Political Crisis, Economic Destabilization and the Elderly Worker

The political events of May and September 1987 dealt a severe blow to an already contracting economy. It also proved the fragility of a developing economy based on one cash crop and a large influx of short-term leisure-oriented tourists. This industry collapsed overnight with "ripple effects" on rural households whose income is based on hotel and resort work by breadwinners.[14] Sugar cane harvests were delayed; imports were curtailed briefly; and soon business people reacted to the market – they closed shop. One consequence was an overnight surge in unemployment or partial employment as some industries, especially the tourist industry, rearranged and cut working hours to retain some of its loyal workers.

To counteract these grim circumstances, the government devalued the currency 34% and imposed a wage freeze. Public employees suffered an immediate 15% wage and salaries cut (this has now been restored). For older workers, already threatened by an oversupply of labor, these were certainly not very good times. Nor was it any better for carers of the elderly who had jobs and had to provide the necessary financial resources for the maintenance of their health and wellbeing. Rural workers did not fare any better. The destabilization at the center had a multiplier effect on all aspects of the economy, including the household economy itself. Where restructuring became necessary, older workers were the first to be requested to leave. Those near retirement age were encouraged to retire, and the notion of redeployment or retraining, already not a very important issue, died out of the employment and training structure completely. It is also in this period that the government announced a retirement age of 55. This further reduced the participation rate of older workers and threw them into the context, yet again, of the family and the informal sector.

Government attempts to confront the unemployment crisis induced by the political events have been geared toward jobs for youth and women, who have faced high unemployment all along. Trade free zones encouraged the creation of numerous small production plants, especially garment factories, which mainly employ young women who can withstand the strain of this kind of work. In this reconstruction of the economy there is again no consideration for older workers who have retired, been made to retire, or declared redundant in the hurly-burly of the economic crisis. Most efforts to recapture the lost economic momentum are directed at small industries with extensive concessions as inducements. Only a few clerical personnel are needed to administer these factories or industries. As garment and other exports increase, the docks will become viable places for jobs, but the nature of dock work does not attract many older workers.

With a limited number of public and private employers, the destabilization that occurred has affected older workers severely and will increasingly do so. The expectation that the economy might "take off" by the middle of 1987 was replaced with a strong government effort to avert crisis and steer the economy back onto the right track. This task is "just not simple, and, thus, finding jobs or creating suitable jobs for the elderly people so that they could earn their livelihood is not possible".[15] Even pre-crisis government policy, which endeavored to "ensure that the special needs of the elderly are adequately met... and provide financial assistance to the elderly, (and) collaborate with non-governmental organizations (NGOs) to further provide services for them as groups and develop home help schemes for their needs"[16] have recently been modified to only "collaboration with the NGOs [to] develop services and facilities for the disabled and elderly".[17] Social welfare funding has recently been drastically cut to weaken any progressive policy options initiated by the Social Welfare Department. The proposed initiative to provide some income security for the elderly has been halted. Budget estimates for national health services have also been reduced, while the national defense budget estimate has witnessed a sizable increase to allow the military forces to recruit an unprecedented number of otherwise unemployed youth, and acquire new equipment.

Policies and Legislation for the Future

Official and humanitarian concern about the elderly have, nevertheless, not been completely eliminated. Concern for new legislation and policies on the elderly, however, has come mainly from non-governmental organizations which do have the ear of the government. While, to date, the emphasis on economic recovery has not resulted in giving such legislative suggestions priority, there are some indications that the government will take some action at an appropriate time. Such legislation, when ready, will address four broad areas: retirement age; continuing work through retraining and redeployment; health care costs and government subsidies;

support systems for the family in its continuing role as the primary agent of care. The first of these areas responds to the need to maintain older workers on the job and, therefore, ensure their participation in the economy as active subjects, and to provide some income security. The current rather low retirement age and the need for its reconsideration is a general concern not only of the elderly, but of sympathetic public opinion composed of tomorrow's older workers who will reach retirement age with relatively better education, skills and other resources, as well as income security provided through the National Provident Fund.

The second concern addresses the resources, skills, and experience which exist among the elderly and can be constructively tapped in areas of the struggling economy. Here, a careful study of skills and their fruitful redeployment, as well as retraining, is considered possible and, in the end, contributory to society as a whole.

The third concern for legislation is equally important for both older workers and non-workers. In the absence of health insurance, increasing disability of the elderly will tax their resources even if they still participate in the work force. And for the majority who are non-workers, the responsibility will necessarily fall on offspring and kinfolk. There is no reason to assume that they will have the necessary resources. Unemployment, under-employment, partial employment, and frozen and low wages, provide no surplus for basic health care needs. It may, in fact, place severe strains on intergenerational equity.

Family support systems cannot be overlooked in Fiji and other developing countries. There is no way to replace them with formalized institutionalized care. The enduring lesson from the volume of research on the elderly is the overriding importance of the family, either nuclear, extended, joint, etc., in caring for the elderly. Changes that have been set in motion notwithstanding, the strong foundation of family and kin relations still exists in Fiji. Government legislation providing tax incentives, minimum old age pensions, discounts on prosthetics etc., will sustain the strength of the family in mobilizing its resources for the welfare of the elderly. Older workers will then be reassured that retirement into the care of the family would still result in some financial contribution on their part; they would not be a burden on household resources.

Such legislation is a current active concern of a National Advisory Committee on Aging and the Elderly in Fiji. Its ranks are composed of retired, but active, elders with the capacity to organize, lobby and articulate a clear position on the needs of the elderly in Fiji.

Conclusion

The above discussion has considered important aspects of the problems that confront older workers in Fiji's economy and society. These problems are seen as structural imperatives of a developing economy with all the attendant factors of underdevelopment, vulnerability to external economic factors, as well as an enduring loyalty to traditional values of family care for the aged. The nature of the economy prevents the introduction of necessary policies which could lead to extensive participation by the elderly in the formal sector of the economy. Consequently, most of the elderly are siphoned out, at an early age, into rural sectors and to the care of the family. This reinforces traditional patterns of care, changing socioeconomic circumstances notwithstanding. These changes, however, call for new policy initiatives in redeployment, retraining and provision, by government, and of some income security for the elderly and support for their families. These initiatives are now being undertaken with the modest support of sympathetic public opinion.

Notes

1. Plange, Nii-K. 1988. *Health and Ageing in Rural Fiji: Qualitative Study of Socioeconomic Aspects of Ageing in Six Rural Communities.* University of the South Pacific, School of Social and Economic Development, Suva, Fiji.
2. *Ibid.* Also *Aging in Urban Fiji* (forthcoming).
3. Plange, Nii-K. 1985. *For a Place in the Sun - Not the Sunset: An Overview of the Health Care of the Elderly in Fiji and Implications for Social Policy.* Proceedings of the 20th Annual Conference of the Australian Association of Gerontology, Melbourne.
4. Andrews, G. et al. 1986. *Aging in the Western Pacific: A Four-Country Study.* Western Pacific Reports and Studies, No. 1. World Health Organization, WPRO, Manila.
5. *Ibid.*
6. *Fiji Population Census, 1987.* 1988. Report Vol. 1. Parliamentary Paper No. 4. Government Printer, Fiji.
7. *Ibid.*
8. Andrews, et al. *op.cit.*
9. *Fiji - World Bank Country Reports.* 1985. World Bank, Washington, D.C.
10. Interviews with many Fiji citizens in both rural and urban areas revealed the stigma associated with sending parents to homes.
11. Singh, G.P. 1989. *Elderly in the Workforce.* Paper presented at the Workshop on the Elderly convened by the Fiji Council of Social Services, May 11, 1989, Suva, Fiji.
12. *Social Welfare Department: Annual Report for the Year 1980.* 1983. Parliamentary Paper No. 29, Government Printer, Suva, Fiji.

13. Compiled from Social Welfare Department figures. 1989. Department of Social Welfare, Suva, Fiji.

14. Interviews with hotel managers and hotel workers along the Coral Coast (Fiji's resort areas), May-July 1987.

15. Singh, G.P. *op. cit.*

16. *Fiji Development Plan No. 9* (DP9) 1986. Government Printer, Suva, Fiji.

17. *Fiji Government Budget Estimates.* 1989. Government Printer, Suva, Fiji.

OLDER JAPANESE WORKERS: A LONGITUDINAL SURVEY

Michiko Naoi[*]

Introduction

The purpose of my presentation is to show how and why Japanese employees continue to work after mandatory retirement age. Since the Japanese definition of mandatory retirement age is based on our cultural background and may not be internationally understood, some explanation of its meaning is needed. In Japan, "the mandatory retirement age" indicates the age at which companies retire most middle-aged employees. Since Japanese companies have a seniority wage system, an employee's wage increases and his/her status also becomes higher as the employee grows older. At the time of mandatory reitrement, a worker, especially in the white collar sector, tends to have the highest status position in his life, as well as the highest age. Companies use mandatory retirement to decrease costs. The mandatory retirement age generally used to be 55 years old but, because of government pressure by the Ministry of Labor, many companies have gradually extended their mandatory retirement age to 60 years old.

However, many men seek jobs after mandatory retirement. In this sense, mandatory retirement usually means switching to another company, to another type of job, or to self-employment. In this paper I will discuss the unique pattern of late life work in Japan.

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Mandatory Retirement and Late Life Work in Japan

The data are derived from a recent "two-wave" panel study of 834 male employees aged 50–54 in 1975 and 60–64 in 1985 living in two areas of Tokyo. One area is predominantly white-collar and the other is predominantly blue-collar.

First, I would like to indicate how many of the respondents experienced mandatory retirement, and how often and in what way they continued working after that event. As *Table 1* shows, 74.5% experienced mandatory retirement during the ten-year period between the first and second wave survey; 7.6% continued to work full-time without change; another 18% changed jobs without going through the formal mandatory retirement process.

Thus we can see that a Japanese middle-aged employee confronts a major event in his occupational career between the ages of 55 and 60 years. As we can also see from *Table 2*, most of them find jobs after this event. More than 20% still worked at the same firm, but with lower wages and status and some moved to related companies through introductions from their previous employer. The proportion of those who have no job after mandatory retirement is only 12.8%. In this sense, as I have already mentioned, mandatory retirement does not really mean retirement, but usually just means a job change. The number of hours of those who continue working after mandatory retirement is almost the same as before – 90% of them work five days a week and more than eight hours a day. Seniority pay ceases at mandatory retirement age and more of the older employees are paid by daily or hourly wage systems than before. Because of this and other working conditions, employees have a tendency to change jobs more often after mandatory retirement age.

Table 1: Reason for Leaving Previous Firm

			Percentage	Number
Mandatory retirement			74.5	373
Non-mandatory retirement			18.0	90
By firm:	**10.0**	**50**		
early retirement system	3.2	16		
firm's policy for senior workers	0.8	4		
reduction of personnel	1.0	5		
other	5.0	25		
Personal reasons:	**8.0**	**40**		
disease, injury	2.6	13		
becoming self-employed	1.8	4		
job-switch	0.4	2		
no need to work for living	1.4	7		
working conditions of old firm	1.0	5		
Still at the same firm:			7.6	38
not old enough for mandatory retirement	2.2	11		
mandatory retirement is not required with present status	4.0	11		
other	1.4	7		
TOTAL			100.0	501

Table 2: Employment Patterns after Mandatory Retirement Age

			Percentage	Number
			80.6	373
Mandatory retirement				
stay at the same firm with different working conditions	21.4	107		
switch firms	37.3	187		
move down to a sub-contracting firm	5.4	27		
no work	10.4	52		
Non-mandatory retirement			19.4	90
switch firms	15.6	78		
no work	2.4	12		
TOTAL			100.0	463

A nation-wide survey conducted by the Prime Minister's Office reinforces these findings. Their data show over half of the aged men in Japan continuing to work, compared to less than a third in the United States and the United Kingdom. In addition, a comparative study of Japan, Thailand, USA, U.K. and France shows that the Japanese prefer to work until age 70, the longest of all the countries compared.[1]

Explaining the Unique Japan Situation

Why do Japanese elderly often stay within the workplace after the age of mandatory retirement? The first possible explanation is that they work because of financial necessity. This is partly true in the case of some pensioners who receive low pensions as a result of earlier job changes and loss of seniority. However, the average ratio of public pensions to previous wage is not low compared to western countries. Financial need, thus, cannot explain why the Japanese want to work. In fact, the highest pension group participates in the labor force longer than does the mid-level group. Since the Japanese pension system and the mandatory retirement system developed separately, those who work at a high salary can receive a pension at the same time.

A second possible explanation is that the Japanese consider work to be a virtue. In addition to income and status, being in a situation where they have a place to work contributes to the sense of well-being of the Japanese elderly. Some elderly even say that they want to work until they die. As *Table 3* shows, those who have shifted to unemployed status have, on the average, lower morale scores and more generally experience a decline in morale. This is partly because of lower income, but, multivariate analyses also show that having a job is an important factor making for good morale.

Finally, as a consequence of working diligently all one's life, elderly Japanese often do not have hobbies and activities outside the home. As *Table 4* shows, about half of the respondents have hobbies such as Japanese checkers, sports, and calligraphy. However, the other half spend time engaged in home-oriented, non-active activities, such as watching television half-asleep, gardening or shopping. Our cultural situation has not matured enough to offer good leisure opportunities and facilities for such activities. In particular, those ex-hardworking elders who supported Japan's post-war economic growth, have not gotten used to enjoying their leisure time.

Table 3: Change of Occupation and Morale Score

1975			1985			
Occupational type	N	Average morale score	Occupational type	N	Average morale score	Proportion whose morale was lower in 1985 (%)
Managerial Professional	(139)	12.9	Managerial Professional	(77)	13.2	35.1
			Unemployed	(29)	11.6	58.6
Sales Clerical	(192)	12.6	Managerial Professional	(53)	13.3	22.6
			Sales/Clerical	(47)	12.7	23.4
			Unemployed	(65)	12.2	43.1
Manual Manufacturing	(158)	12.1	Manual Manufacturing	(54)	12.1	38.9
			Sales/Clerical	(24)	13.2	37.5
			Unemployed	(68)	11.5	33.8

5 items were used from Kutner Morale Score
15 points = Maximum

Table 4: Leisure Activities in 1975 and 1985 (percentages)

	1975	1985
Hobby, sports	33.1	35.5
Gardening, repairs	19.0	21.1
Housework, shopping	1.0	2.6
Visiting friends, relatives	2.4	1.4
Social activity	1.2	1.0
Learning	8.0	13.0
Watching TV half-asleep	33.7	19.4
Nothing	0.2	3.6

Discussion

So far, we have discussed the conditions of late life work of male salaried employees. However, we have not covered all types of Japanese workers. Because the rapid industrialization of Japan is only a recent phenomenon, there are many farmers and self-employed workers in the older generation. We also have not discussed female workers. There are many females working in family businesses who help self-employed husbands. All these types of workers have a tendency to continue working even longer than company employees. Only female salaried employees have a tendency to retire earlier, but most in the middle-aged and older generation have had part-time jobs, and work roles are not considered as important to them as for male employees. In the near future, there will be more salaried employees and more women in the work force. Moreover, it is possible that the next generation's values will change and they will place more emphasis on leisure activities.

Notes

1. Prime Minister's Office. 1981. *International Comparative Study on the Life and Opinions of the Elderly. Tokyo.*

Section Three: The Impact of Technological Change on Employment: Prospects of Older Persons

THE IMPACT OF TECHNOLOGICAL CHANGE ON EMPLOYMENT PROSPECTS FOR OLDER PERSONS: INTRODUCTION

Harvey L . Sterns[*]

Definition of an Older Worker

Sterns and Doverspike suggest five general approaches to the definition of the older worker.[1] The first, chronological/legal, distinguishes between workers based on chronological age. While there appears to be little evidence suggesting a definitive point in time at which one may label a worker "older", the Age Discrimination in Employment Act (ADEA, 1967, 1978, 1986) of the United States, covers any individual who is 40 years of age or older.[2]

The second approach classifies individuals according to functional age (i.e., a performance-based definition of age).[3] Here, different performance measures are used to assess whether a person is younger or older than his or her chronological age. For instance, a vision test would be used to ascertain the functional age of the individual, based on the score on this test, not on chronological age. The psychosocial definition, a third approach, focuses on three issues: 1) the age at which society perceives an individual to be older; 2) the social attitudes regarding the older worker; and 3) possible implications, in industry, when labeling a worker "older". This definition, more than others, reflects the societal attitudes that prevail toward the older worker.

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An organizational definition is the fourth approach. This includes individuals aging in their organizational roles, as well as the aging of the organization. Thus, the worker's length of time on the job and the age of the organization are important to this definition. If the organization is not keeping up with technological innovations, the worker may be viewed as old and obsolete. If the individual has stayed in the same role in the organization despite organizational change, the worker also may be viewed as old.

Finally, Sterns & Doverspike advocate a life span approach to the definition of the older worker.[4] This approach emphasizes that behavioral change can occur at any point in the life span, thus emphasizing individual differences in aging.

One must understand these definitions of the older worker, and realize the potentially different implications of each, when reviewing the findings in the gerontological literature. The older adult's ability to work in, and adapt to, a changing environment, or to retire, is based on which definition of "older worker" is applied.[5] Industrial gerontology is the study of aging and work focusing on the employment and retirement issues of middle age and older workers. Major areas include: social policy and law, stereotypes of the older worker, selection, job performance and appraisal, training and retraining, career progressions and development, motivational factors and organizational design, reentry workers, alternative work patterns, safety, plant closings, and layoff and retirement decisions.[6]

Technology and Change

A primary purpose of this section is to examine issues, theory and research relating to technological change and industrial gerontology. The work environment is continuing to undergo dramatic change with plant closings, reduction in force and the introduction of new technology.[7]

Skinner, in *Work in America*, sees technology as having three main organizational effects which he classifies as primary, secondary, and tertiary.[8] Primary effects directly affect the "work, product, worker, basic requirements, working environment, investments, and costs". For instance, as a result of technology, a new product or process may change the basic task of the job of the worker, requiring new or different job skills and experience. In turn, the precision, reliability, and quality of the work may be affected. Secondary effects of technology on the organization may be reflected in changes in organizational policies and practices. Personnel policies, production, wage structure, schedules, even supervisory hierarchies may be altered as a result of technology. Tertiary effects refer to the impact of technology on the organization's ability to perform. The changes technology brings may affect individual effort, morale, and productivity as well as the organization's ability to maintain high investment returns and a competitive edge in the marketplace.

Some organizations are more responsive to innovation and change than others. In order to remain competitive and survive, certain businesses experience faster and greater technological growth, forcing companies to change rapidly. Organizations have a choice as to which of the available technological changes they choose to respond to and incorporate. In turn, these decisions will at some point in time affect the individual worker. Some jobs may become increasingly specialized as a result of technology, others may be affected only by an altered work environment. Some changes may require the worker to simply update his/her retraining. Failure to remain up to date may, in the future, render certain skills obsolete.[8,9]

In essence, technological innovation may affect the workplace in several ways, some of which (1) render skills and knowledge obsolete; (2) require the development of new knowledge and skills; (3) change employee attitudes and satisfaction regarding the workplace (positive and negative); (4) create new job openings and potential for career mobility; and (5) create unemployment.

The issues of employment and unemployment are important when discussing the older worker because older workers tend to have greater difficulty finding new employment and may not have the same retraining opportunities. For example, older adults may lack the educational background to compete with younger adults in certain occupations, even though they may have a wealth of on-the-job knowledge and experience. Self-doubts and fear of failure may prevent the aging adult from taking advantage of retraining opportunities when their skills are not readily transferable to a new situation. Some older adults may find their job-search skills lacking if they have been employed in the same job for a number of years. Some employers may perceive aging workers as less productive, untrainable, as poor "long-term investments", and as greater insurance risks, creating a reluctance to hire older adults. Although research evidence demonstrates that older adults are trainable, that job performance is not related to age in the majority of occupations, and workers with children actually incur more insurance costs, discrimination in hiring and retraining still exists.[10]

The purpose of this group of papers was to focus on current issues of technology and industrial gerontology in a number of different countries. Representation was not designed to be systematic. Rather, select researchers were asked to comment on technology, aging, and work, based on their experiences, and research, and to comment on the situation in their home country.

We obtained a select cross-national perspective based on the United States, Canada, West Germany and Belgium. What is compelling is that although the writers are coming from different disciplinary perspectives and countries, we still have many areas of complete agreement regarding current issues in aging and work.

With regard to the discussions in Europe, it is necessary to keep in mind that when these papers were prepared for the XIV International Congress of Gerontology in 1989, the changes in Eastern Europe had not yet taken place. These dramatic social and economic factors have had, and will have, effects that may make trends indicated here even more noteworthy as more unskilled and younger workers enter the workforce.

Robert Harootyan provides an excellent overview regarding the aging of developed nations' workforces and the effects of technology on the production of goods and services. He points out the need for higher levels of skills for all types and ages of workers in the 1990s. In addition, he emphasizes the need to invest in the training and career development of workers as they age. He also calls for continued efforts to meet the needs of older workers and making the job and work environment "fit" the older worker.

Neil Charness brings us a perspective from Canada. He discusses current issues in age and productivity. The future need for performance evaluations, as well as ways to support older worker productivity, are presented. Safety and recovery issues are presented as well. A major highlight of this paper is a discussion of training of middle-aged and older workers in microcomputers. Older adults can be trained. However, as found by many researchers, it may take more time.

Gerald Straka focuses on West Germany. He discusses the work environment, especially the effects of semi-automated industrial machines (numerically-controlled equipment), as well as computer-controlled machines, word processing, and CAD graphic systems. Here we begin to see how governmental policy, social choices, corporate culture, and union agreement all figure into a complex equation. The opportunities for middle-aged and older workers may not be as positive as some have expected. The success of older workers will be tied to initial educational level, and current and future education and training. Companies will also need to develop more sensitive and forward thinking policies, especially in making the work environment more hospitable to older workers.

Marie-Noel Beauchesne-Florival provides an extensive discussion of social policy and its effect on older workers in Belgium. She provides an analysis of economic, social, and technological issues which support many of the issues raised in the other papers in this section. The critical issue that is raised is that in future we may not be able to afford to use early retirement as a way to solve (sometimes poorly) the issue of older workers and the need to provide training and meaningful work assignment.

Each of these papers provides important insights into the full spectrum of issues regarding technology and the older workforce.

Notes

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NEW TECHNOLOGIES AND THE AGING OF THE LABOR FORCE: BACKGROUND AND IMPACT OF COMPANY CULTURAL MODELS

*Marie-Noel Beauchesne-Florival**

Is the convergence of two distinct phenomena – the development of new computers and technologies, triggered by management, and the aging of the labor force through a simple fact of demographics – sufficient to define a problem? I believe it is necessary to examine both the historical and the environmental context to get to the heart of this question and to understand the consequences of the crisis and of the methods of labor management it produced.

As far as the European Community is concerned, the common strategy adopted by these countries has led to the elimination of older workers from the labor market at an increasingly earlier age. Such a strategy threatens to become a model, at a time when the characteristics of a society permeated with the new technologies and the ensuing behaviors become more evident.

It seems necessary, in order to understand thoroughly the global economic context and the cultural models to which enterprises adhere, to grasp the meaning of the questions raised. In fact, it would appear impossible to go beyond sporadic interventions without an idea of the true underlying causes of the problem – the capacity of the enterprises to participate in the management of human capital. Referring to the conclusions of a conference held in Brussels sponsored by the Department of Social Affairs, Employment and Education of the European Community Commission, this paper will describe the broad elements which characterize today's management of older workers.[1]

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The "aging workers" (or older workers) referred to in this document are workers 45 years old and above. For that category, indeed, the problems of integration in the work force are particularly acute, whether they are laid off or marginalized by their employers as a result of internal restructuring of enterprises.

The Socio-economic Environment

1. New technologies, crisis and employment

The discrimination affecting many workers aged 45 and above following a technical and organizational restructuring of enterprises is but one symptom of particularly deep-reaching socio-economic changes. One of the most important trends of employment management brought about by the economic crisis that took place between 1975–1985 in the European Community has been the rejection from the labor market of a large number of workers in that age bracket. To eliminate excess labor, enterprises have used a number of measures such as early retirement or lay-offs.[2] In that new environment, new technologies and the "perceived needs" for continuously improved productivity have taken over as justification for discriminatory decisions concerning certain categories of workers, such as the older and less skilled.

A recent study describes how widespread this trend is in the European Community:

> *After ten years of crisis management, the need is felt for a rapid restructuring of the labor force through a revamping of the age structure. It must be noted that the latter has not necessarily been linked to a decline in average employment rates... in spite of increasing unemployment. For the ten countries altogether, the reduction in the male employment rate has been largely*

> *offset by the increase in female employment rates. However, such an image of increased mobilization of the labor force would be considerably tarnished if the growing role of part-time employment were taken into account. Working women are responsible for the slowing down of the global aging of the labor force in terms of average age, and for the increase in the intensity and the margin of the expulsion effects on older workers.*[3]

Moreover, by eliminating older workers from the labor market, enterprises transfer to other agents the burden of related social costs in the form of unemployment benefits, early retirement pensions or disability allowances to be paid by medical insurance funds. Such management strategies also create new forms of poverty, which represent the social results of choices made by the whole capitalistic economy.[4] While the facts are widely known, let us outline them briefly, as it is necessary to understand the environment in which the new technologies are adopted in order to develop the appropriate framework for attempting to re-integrate older workers.

2. Financial manipulation as substitute for productive investment

Technical rationalization is presented as the basic objective of personnel restructuring and older workers are the first – but not the only ones – to pay the price. The actual modification of the industrial structure probably has little chance of reducing the massive social distortions identified in these countries. The Belgian economist *Louis Baeck*, during an international economic seminar on "The Challenge of the 90s", underlined the main characteristics of modern economic development as follows:

- Economic globalization promoted by the private sector strikes a blow to the social economic models generalized throughout Europe after the war and which have peaked in the 1970s.

- All restructuring measures adopted since the early 1980s have had as their goal the integration of industrial production and capital markets, leading to a moral rehabilitation of the profit motive. To expand their share of the market, enterprises grab the share of their competitors, even that of their partners, rather than increase their investment. Financial manipulation diverts resources from industrial investments. Thus, the gap increases between real commercial transactions directly based on production and financial transactions resulting from mere transfers. The volume of the latter is 15 to 20 times greater than the former.[5] These general observations show the true orientation of technical restructuring, which can be hidden under the justifications given. The fragmentation of the social fabric is but one of the effects of the management strategies used in a capitalistic economy. The exchange of capital is not based on a corresponding production of new goods, and thus is not linked to a redistribution aiming at modifying the social balance and improving the lot of those who have been marginalized.[5]

  According to Gery Coomans de Brachene:
  "The system (linked to profit consideration) tends to disqualify as being anti-economic those collective preferences which would give priority to solidarities or to social needs rather than to competitiveness. Thus, it incessantly replenishes the sources of inequalities between social groups as well as nations."[6]

The actual dynamism of western economies includes, therefore, a few disquieting aspects that are sometimes deliberately hidden by a forward thrust. Let us examine the conditions in which an enterprise operates in order to identify the models used by social agents in the attempt to integrate aging workers in the context of new computerized technologies.

The Testing of an Enterprise's Cultural Models

All social behaviors are based on socially built models derived from perceptions which are themselves implicitly or explicitly based on a determined set of values. Such models act as theories for social agents, supplying a rationale for eventual interventions. It is somewhat paradoxical to deal with management of an aging labor force in an environment of new technologies insofar as "aging" and "modernity" seem to be contradictory to one another. We can wonder if aging is not, after all, the opposite of "modernity" as defined in today's business world. The development of new forms of communication and the subsequent changes in the relationship between man and the tools of his trade represent one of the main characteristics of this modernization process.

Some managers admit that, faced with the aging of their labor force and technological change, they are ill-prepared to deal with this double challenge. Inside the enterprise, a negative perception of aging develops, with aging representing the opposite of modernity.[7]

The concept of "flexibility" – of men and machines – has become a key management strategy. Its applications could destroy a social system put into effect after the war to ensure a more equitable distribution of national income. From now on, the objective will be to break down an inflexible system characterized by an excessively complex bureaucracy unable to perform. This explains the preference given today to short-term contracts, flexitime which enables one to replace an 8-hour working day by a 12-hour day, weekend work, etc... Management maximization is based on substitutability of staff and of equipment.[8]

The existence of the social model in which labor, through its collective representatives, was included as the one agent the enterprise had to negotiate with on working conditions, is under a considerable threat. It is being replaced by a model in which working relationships are concentrated on individuals, each one competing with the other.

It is noted, for example, that technically justified restructuring is usually supplemented by a review of salary scales based on individual evaluations. This is one of the main effects of the recent changes in industrial relationships (the replacement of sector negotiations by ad hoc decisions; a freeze on some traditional labor demands, e.g. rules concerning salary increases). Older workers are evidently disadvantaged when competing with young workers. Their trade union representatives, in a strong bargaining position, will choose to negotiate for those older workers whose performance is lower, a satisfactory retirement package, thus preventing their lay-off. In an environment of new technologies, it would be far more difficult to keep them in the labor force.

The historical model – a concentration of the worker's effort on the production of a piece of work – has virtually disappeared. The worker's involvement in the processing of raw materials into products for human use has been replaced for most people by the notion of social integration. Recognition for artisans, based on their specific relationship to their tools, contributed in the past to the creation of powerful social identities.[9] During the preceding industrial generation, older workers had, in part, based their identity on such a heritage. For them, it amounted to the valorization of acquired experience through a direct contact with tools and with fellow workers, the latter generating "knowledge on the job". But the new generation of professionals is now responsible for guiding the process from a distance with a computer and a screen.

The cultural context is now obviously different: the control of abstract logical models has replaced the knowledge of the concrete stages of a process. The trend is to emphasize the breakdowns and to attribute them to differences between generations of workers, to the detriment of older workers. Within a given enterprise, it has been observed that these breakdowns are symbolic in nature, insofar as any concrete task, when not limited to a repetitive process, requires the use of abstract categories and, conversely, a concrete knowledge of a process is necessary even if its execution seems to depend exclusively on software.[10]

As such, the features which characterize innovation, change and "modernity" are contrary to the notion of aging and the following preconceptions:

- It is difficult for older workers to adapt to technical change or to the elements of flexibility and mobility;
- Older workers become more vulnerable at a time when professional relationships are no longer based on solidarities acquired in a collective environment; and
- The traditional representation of labor cannot be maintained against the needs of new organizational structures which appear to the workers to be fluctuating and even incoherent.

Does this mean that the social representations of "modernity" are not consistent with managing the aging process of the labor force in order to obtain positive outcomes for older workers?

The answer is not easy as a review of concrete applications of the management of the aging of the labor force within an enterprise will indicate.

How to Manage New Technologies and the Aging of the Labor Force

Many examples are available of countries and enterprises which have attempted to deal with the problem. In France, *Xavier Gaullier* has been chosen by his government to encourage enterprises to seek solutions to the problem of the aging of their work force. But we all know that it takes a long time for such experiments to obtain results. As an example, a law adopted in the United States against age discrimination in employment has not yet produced the expected results in spite of a much more favorable environment than is found in European countries, resulting notably from the pressure of advocacy groups representing the elderly to improve the conditions of older workers. A brief review of the different elements of personnel management will show that much remains to be done before a true integration of aging workers into the enterprises of the future can be achieved.

1. Hiring, screening and dismissals

The growing inflexibility in the screening and hiring of workers is apparent in changes in the age structure of the work force, as well as among the "new poor".[11] Age discrimination is obvious in employment ads and in lay-off rules. At the same time, several enterprises have rehired workers they had laid off a few months ago, and a Belgian firm specializing in part-time labor indicated that it was particularly interested in hiring skilled older workers. Could this be an indication of a forthcoming trend? Dismissed because of their stability, older workers would form a pool of skilled labor which could be hired as part-time personnel, enabling a firm to benefit from their know-how without paying the associated social costs. Needless to say, these workers resent the precariousness of such a situation.

Undoubtedly, the business sector will only employ older workers if it is profitable and, as a first step, it will be necessary to concentrate on creating appropriate conditions for maintaining them in the work force.

2. Work organization and management

In the enterprise as a whole, as well as in its different departments, positions are allocated according to age. This has been clearly shown, for example, by longitudinal studies on career development of cohorts of workers in the French steel industry. In other words, it is not possible for workers to remain in certain positions until retirement. Moreover, there can be an overrepresentation of younger workers in some departments of the firm, while in others, older workers are overrepresented. The introduction of new technologies will accentuate this situation. Work intensity is linked to such a partitioning.[12] European firms promote competition within their units with mottos like "We must do better than the Japanese". Such an attitude leads to an acceleration in the elimination of older workers.[13]

W.H. Kerkhoff, on the basis of studies conducted in the Netherlands, notes that managers are able to deal with the technical and economic obsolescence of equipment, but lack the proper norms necessary for managing and maintaining their staff.[14] More coherent management is essential to an effective transfer of know-how within an enterprise from one generation of workers to the next.

3. Working conditions

It is often said of older workers as well as of women, that their attendance record is worse than that of male workers aged 30 to 40, in terms both of frequency and of length of absences. For women, nothing is said of the responsibilities inherent in caring for young children, and for older workers, no-one ever mentions the effects on their health of many years of labor. As noted by the gerontologist *Bernard Cassou*, aging, thus, soon becomes associated with sickness. Evidently, the conditions specific to each trade result in certain differences with regard to sickness and death – there are aging and morbidity differentials.

According to a study made in Finland, during periods of economic growth, the turnover of workers is the result of their search for more favorable working conditions; with recession, turnover ceases, morbidity rates among workers increase, sometimes as early as 40–44 years old.[15]

In order for these negative effects to be neutralized for older workers, it is necessary to use a strategy of personnel management that avoids "producing" morbidity directly generated by the work environment. For that purpose, and in conjunction with technical changes in the firm, redesigning different work stations to accomodate losses in eyesight, hearing and dexterity among aging workers is essential. Flextime and part-time working must also be considered. Some preconceived ideas need review. Working night shifts is usually considered more difficult for older workers, but, according to recent studies, this may not necessarily be so. Older persons do not need as much sleep as their younger counterparts, they no longer have to supervise their children's homework, and they enjoy the increased autonomy.

The new technologies should address the specific needs of older workers by seeking, for example, to reduce the physical burdens in the tasks to be performed.[16]

4. Training

The concept of continuing training is relatively widespread but access to it remains discriminatory from the viewpoint of age structure, as well as qualifications.

A study of working conditions in the Régie Renault clearly shows the effects of age discrimination in workers' access to training, notably:

- The percentage of trainees decreases as age increases, with the maximum percentage fluctuating between the age categories of 20–24 and 20–34 years old.
- The number of hours of training per trainee decreases as age increases. Whatever the category, the maximum number is found, at the latest, in the 30–34 year age bracket.
- Training expectations decrease as age increases.
- Whatever the duration of the training program, the main participants are young workers (up to 30–34 years old) for all categories.[17]

This lack of training is beginning to be felt by employers and adds to their costs. For example, the head of an arms factory in

Germany, in an article published by *Le Monde*, claims that 38% of his engineers are 45–54 years old and their qualifications are no longer consistent with modern techniques. "For them, the 'experience' factor will very soon be overtaken by their know-how gaps."[18]

However, as emphasized below by a training expert, learning is possible at any age, under certain conditions:

> *The fundamental and positive conclusion of the bulk of studies on aging factors is that mental functions are least affected by aging, and the most easily trained are those concerned with memory and learning, 1) provided the capability was there to begin with and developed, and 2) the individual has an opportunity to continue to make use of his skills – both physical and mental skills rapidly decline with non-use.*[19]

One conclusion is obvious for the next ten years: *the need to train the cohort of workers 35 years old and older so that they can deal with the forthcoming technological changes.* And it must be given priority, in order for that cohort to avoid the difficulties facing their predecessors and not to be excluded from the labor market. Further, companies must pave the way for a transfer of know-how. Technological changes are relatively slow within an enterprise; they are the result of cumulative effort, and they proceed by *ad hoc* interventions rather than by truly continuous evolution. Consequently, it will be possible, in theory, to upgrade a worker's skills, but only within the framework of a well-designed project.

5. Workers' qualifications and career management

New technologies lead to changes in work requirements, as well as in the composition of tasks. Individual professional trades are replaced by multipurpose talent; traditional qualifications are challenged. The path to promotion is thus closed for many. This situation is aggravated by the time lag between the need to recognize the problem and the decision by managers to deal with it. Moreover, criteria used in restructuring of functions will contribute to the penalization of older workers if the company does not take specific actions to promote their adaptation to change by offering them *ad hoc* training and career paths tailored to their needs. Some public services in France have endeavoured to do so and have taken advantage of the introduction of new computerized information systems to offer a number of opportunities for older workers to participate in progressive training schemes, with one-on-one supervision during the first few months. This upgrading of qualifications has resulted in new responsibilities for workers who had simply been "performers" of tasks, and revealed an aptitude for working in small teams as opposed to an extremely elaborate division of tasks. As promotion in the French public service is subject to competitive examinations, a system of equivalencies has been set up to enable older workers to take advantage of the newly established path to career development and promotion.

In this case, promotion possibilities had been frozen for years for lower level staff. For older workers, who lacked the diplomas required, a set of different criteria relating to experience and achievements has been used to enable them to climb the career ladder. The initiative has been supported by French legislation on affirmative action in favor of women, but male workers have also benefitted from it.

Summary and Conclusions

We have opted for a "realistic" approach to the problem. It is true that the methods used for capital management are far removed from considerations of social economics. Moreover, the management of human resources within an enterprise is based on a system of values which, implicitly or explicitly, is opposed to taking into account the aging of the labor force. Employment strategies tend to eliminate workers over 45–50 years old, particularly those whose qualifications are not sufficient to perform tasks related to new computerized technologies. Consequently, it will be possible for a while to ignore the problem, but for how long?

Various observers agree that the different systems of early retirement which have been adopted have reached a critical level beyond which one cannot go. So far, the costs of aging have been externalized by the enterprises, but opposite pressure could well materialize. We are undoubtedly dealing with double-edged instruments:

> _*the costs of providing increasing numbers of older workers with a decent income while economically inactive through early retirement schemes, disability and unemployment, are now becoming a matter of concern.*

Moreover, in the case of the Netherlands:

> _*the loss or shortage of qualified and experienced workers is, little by little, drawing attention to the possibility of retraining older workers. The aging process of the labor force is expected to add to the weight of this factor.*[20]

It would be surprising, indeed, to see companies propose to reintegrate older workers into their labor force and consider such a reintegration as an opportunity for dealing with wider technological change.

1. Possibilities for intervention

There are four main areas suitable for intervention:

a. Decisions concerning the aging of the work force require *antidiscriminatory attitudes.* There are no scientific studies which would justify a discriminatory attitude. *Paul Sparrow* has determined the existence of performance inequalities linked to age, but one must exercise caution before jumping to conclusions about the effects of aging. The psychological environment, training opportunities, career development, etc. are all explanatory variables. Moreover, older workers possess specific qualities which positively affect their performance: experience, lower turnover, lower rate of absenteeism.[21]

Legislative measures or labor agreements provide a basis for promoting a change in attitudes, but consciousness-raising through mass media campaigns can also play a role.

b. Simultaneously, solutions must be found within the *social sector as a whole.* It is somewhat contradictory to consider older workers as a distinct category like "migrant workers" or "women". A global approach to personnel management can minimize the risk. In the case of training, for example, offering the same opportunities to all workers leads "naturally" to a review of discriminatory attitudes toward the aging and to negotiations.

c. Planned technological changes must be undertaken in the form of pilot projects negotiated with the workers concerned. Instead of an excessively rapid strategy to eliminate older workers, some companies opt for experimenting with other models. We have mentioned the public services in France, but many other examples exist in other sectors, such as food products, textiles, metals, banks or insurance companies. Pilot projects that include representatives of different segments of the enterprise make for a coherent and operational project.

It is particularly important to offer real options to workers, as they, too, have to plan their futures and their lives. Indeed, they are especially vulnerable to changes during their mature years. The threat of losing their jobs if they fail in their reconversion efforts looms large, and this is why we must give them some guarantees in terms of employment, qualifications, remuneration and labor contracts.

d. *The implementation of coherent pedagogical models* represents the best way to innovate in this area. It is possible today to considerably raise basic levels and to transfer the acquisition of knowledge from the schoolroom to the office or factory. Third Age Universities offer an opportunity for evaluating the learning capacities of people over sixty. Up to a point, age is not a true obstacle to the acquisition of new knowledge.

To summarize, whatever the measures taken, the question is whether an enterprise can really innovate if it is not itself a forum where ideas, qualifications, experience and, thus, generations are put in contact with one another. New technologies are not *per se* an obstacle to integrating aging generations. The exclusion of these generations could amount to a net loss of human resources. The mixing of generations can produce new ideas. New techniques could lead to a new form of managing the employment of older workers. The time to reexamine our prejudices has come, so that we can plan the future together.

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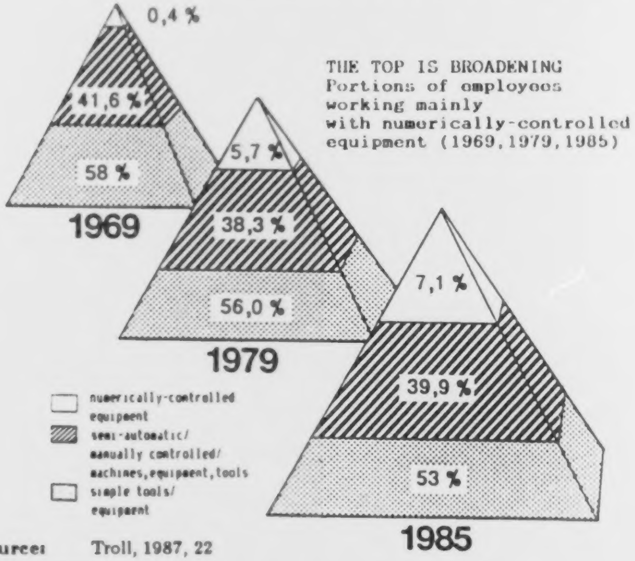
THE IMPACT OF TECHNOLOGICAL CHANGE ON EMPLOYMENT FOR OLDER PERSONS FROM A WEST GERMAN PERSPECTIVE

*Gerald A. Straka**

The Diffusion of Numerically-Controlled Equipment

The Federal Republic of Germany (FRG) like other developed countries is in transition from an industrial to an information society. New information and communication technologies are penetrating the world of work. Evidence for this development can be seen in the survey results of representative panels of employees in 1969, 1979 and 1985.

Figure 1: Proportions of Employees Working Mainly with Numerically-controlled Equipment in 1969, 1979, 1985



Source: Troll, 1987, 22

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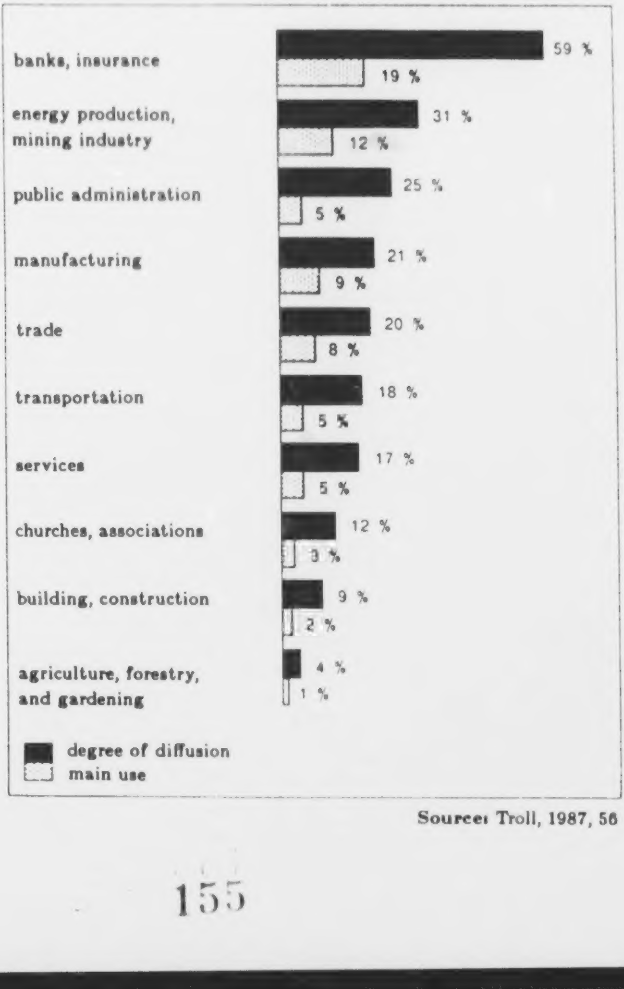
The predominant use of numerically-controlled equipment increased from 0.4% in 1969 to 5.7% in 1979, and up to 7.1% in 1985.[1] Numerically-controlled machines and equipment include program-controlled plants for energy and chemicals, computer-controlled medical equipment, computer and electronic data processing equipment, and modern business software like word-processing, scanners, CAD-graphic systems.

However, the use of numerically-controlled equipment is not as high as might be expected; in the FRG about 93% of those employed were still not working predominantly with this equipment in 1985.

Figure 2: The Use of Numerically-controlled Equipment Differentiated by Economic Sector, in 1986



Source: Troll, 1987, 56

The use of this modern equipment varies by economic sector. Among banks and insurance companies, 59% used computer controlled equipment and in 19% the use of computers was dominant in 1985, as compared with 17% or 5% in the service sector, or 4% and 1% in agriculture, forestry and gardening.[2]

Working with numerically-controlled equipment is negatively related to age. Major use of numerically-controlled equipment is between ages 35–40 with 15.3%. This percentage decreases with age (40–45 - 13.1%; 45–50 - 11.8%; 50–55 - 8.7%) with the lowest value of 9.1% at age 55+.[3]

Further, the use of numerically-controlled equipment is dependent on type of occupation. The main use of numerically-controlled equipment in 1985 (36.3%) was with employees or clerks at the mid-level of a company's hierarchy, compared with 10.5% for skilled blue-collar workers.

Labor Market Conditions

In the FRG, average unemployment has been over two million per year since 1983. This corresponds to an unemployment ratio of about 9% (8.9%–9.3%). The rate has slightly declined of late.

Labor market statistics show that workers 35 years of age and younger have an above average risk of unemployment.[4] Employees 40 to 54 have about an average risk. The risk of unemployment increases slightly for 55 to 59 year olds, and dramatically drops for the 60+ group.

Table 1: Unemployment Rates by Age (percentages)

	Years		
Age	1987	1986	1985
< 20	6.2	7.3	8.1
20 – 25	16.5	17.3	18.1
25 – 30	15.5	15.4	15.5
30 – 35	12.2	12.0	11.7
35 – 40	10.0	9.8	9.1
40 – 45	7.6	7.7	7.9
45 – 50	9.4	9.4	8.8
50 – 55	9.2	8.6	7.8
55 – 60	11.1	10.3	10.6
60 – 65	2.4	2.2	2.4
Average	8.9	9.0	9.0

Source: BMBW, 1988 (Amtliche Nachrichten der Bundesanstalt fuer Arbeit, 3 [1988])

Reasons for these trends are:

a) Age protection is fixed in the labor law.*

b) An increasing number of agreements including job protection for older workers have been negotiated between trade unions and individual companies or economic sectors.

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* For example, older workers are partially protected against firing. Longer periods of notice are required, and their age and time with the company must be taken into consideration (Kuendigungsschutzgesetz). Company law (Betriebverfassungsgesetz) requires employers and worker representatives to see that employees over a certain age are not disadvantaged. Other laws favoring older workers relate to job creation or promotion (Beschaeftigungsfoerderungsgesetz) and the severely disabled (Schwerbehindertengesetz).

c) Early retirement has been encouraged by employers, the Federal Government, and trade unions; "pre-retirement" is permitted between 57 and 58 years for the unemployed, and at age 58 for others.

d) Job creation measures for older workers have been initiated – for example, companies hiring an unemployed older worker, 50 or older, obtain financial support under certain conditions.

e) Seniority is also protected on an informal basis, according to the philosophy of the particular company.[5]

There is a positive correlation between chronological age and long-term unemployment (i.e., unemployment over one year or more). Starting at age 35, people have an increasing and above average risk for long-term unemployment. And for persons with incomplete vocational training, the risk of unemployment is twice the average. Older persons are more likely to be found among this group than younger workers.

Thus, chronological age is a risk factor for unemployment especially if combined with incomplete vocational training, health limitations, working in hazardous industries (like mining steel, etc.), and obsolescent skills.[6]

Demographic Changes

In the FRG, the baby boom started in 1954 – some years later than in the United States, France or the United Kingdom. The baby boom reached its peak in 1964 with 1,065,437 newborns. In 1970, the number of newborns was approximately the same as in 1956 (810,808). Thereafter, the birthrate continuously decreased until 1984 when only 584,157 babies were born. Since 1985 there has been a slight increase in births as the baby boomers began to have children (1986: 625,963; 1987: 642,010).[7] One consequence of this development is that, since 1984, the number of graduates from the general education system has declined.[8]

Demographers predict a decrease in the proportion of the 15 to 30 year olds in the work force – from 33% in 1982 to about 20% in 2000. At the same time, the proportion of the 30 to 50 year olds will increase from 45% in 1982 to at least 55% in 2000.[9]

However, the hope that unemployment will be eliminated in the 1990s because of these demographic developments will not be realized. According to projections of the IAB (Institut fuer Arbeitsmarkt – und Berufsforschung der Bundesanstalt fuer Arbeit) and PROGNOS (European Center for Applied Economic Research), full employment will not be attained until the year 2000 even under optimistic assumptions – 3% yearly increase of the gross national product, 2.8% yearly increase in labor productivity, and no change of the employment ratios for women and foreign workers.[10]

In reality, the proportion of women working in the FRG is low (51.7% in 1987) compared with other OECD countries (France, 57.2%; U.K., 64.6%; Norway, 74.3%; Sweden, 81.1%).[11] In fact, in recent times, more and more women have been entering or trying to re-enter the work force.

Another "risk" factor in the realization of these projections is the future behavior of workers in the European Community – especially after 1992 – and the resultant degree of immigration from other countries like Turkey.

The Impact of New Technologies on the Organization of Work and Managerial Decisions

In general, the new technologies increase management flexibility in organizing work. At one extreme, we may see more and more unskilled work, such as offered by McDonalds, where cashiers have only to touch pictograms enabling the hiring of people who can't even read. At the other extreme, one can find controllers of complex technical equipment – for example, robots in the automobile industry or skilled bank experts connected online with a computer-terminal. In the FRG, there is some evidence that in core industries (automobile, chemicals, machine tools) and in the service sector (e.g., banking, insurance) there will be a trend toward more highly skilled jobs. Therefore, the impetus for broader, more general, flexible and sophisticated skills will continue.

The IAB/PROGNOS projection shows that there will be a change in the structure of skills in the year 2000 compared with 1982 in the following areas:

- the proportion of workers without vocational training (unskilled) will decrease from 32% to about 20%;
- the proportion of workers having undergone an apprenticeship or vocational schooling will increase from about 53% to 59%;
- the proportion of workers with vocational high school training will remain unchanged at about 7%;
- the proportion of skills obtained through higher education will double in the year 2000 compared with 1982.[12]

The qualifications profile of the new skilled workers for industrial manufacturing can be outlined as follows: Sound systems related knowledge of electronic data processing, including programming qualifications; flexibility and employability in different fields of activity; more polyvalent professional knowledge and an altogether better background knowledge of the function and structure of complex systems; ability to be in full control of a situation; diagnostic knowledge; readiness to accept responsibility for high quality installation systems; and the capability of working as a team member.[13]

Integrated working models which combine formerly independent unskilled activities with skilled work will become the norm. An example of this development is the integration of a typist's work with specialized tasks such as data input and control, typing and accounting, combined with advisory, service and information activities.[14] Another example is service centers at banks. At the same counter one can cash checks, transfer money abroad, buy stocks and, in the future, even a life insurance policy. The trend is toward integrated treatment of different and complex tasks by the same person.[15]

It is obvious that the vocational training of the current work force age 30 and older was inadequate to the requirements outlined above. The introduction of new technologies demands more advanced and continuing vocational training.[16]

However, surveys done in 1979 and 1985 show that participation in advanced and continuous vocational training declines with age (45+).[17]

Table 2: Participation Ratios in Advanced Vocational Training According to Age (19–65 years) (percentages)

	Age Groups									
Participation Ratios	Total 19–64	19–24	25–29	30–34	35–39	40–44	45–49	50–54	55–59	60–64
In the previous year	12	13	13	16	11	20	9	12	5	1
In the previous five years	23	24	30	34	29	31	22	10	12	6
With no time limitations	37	26	38	49	42	49	41	36	28	23

Source: INFRATEST Reporting System of Continuous Educational Behavior, 1985.

Employers' and Unions' Positions

The employers' position concerning the older worker as expressed through the Federal Association of German Employers is that the challenges of the future have to be mastered with the older worker.[19]

Specific requirements include:

a) Maintenance of the health and ability of older workers for as long as possible;

b) the discouragement of retirement before the general retirement age through measures such as job design, work reorganization and health promotion. (A rise in the age of retirement was requested in 1988.[20] In 1987, the average age of retirement was 59.1 years men and 61.7 years for women, even though the regular pensionable age is 65.);

c) the hiring of older workers according to their specific abilities and skills;

d) the provision of advanced training to facilitate adaptation to technological development and guarantee employment as long as possible;

e) promotion of cooperation between younger and older generations at the workplace.[21]

A variety of practical measures at the company level are being discussed, such as better staff planning and development, improved matching of jobs to older workers' abilities, guarantee of jobs and earnings, better cooperation between older and younger workers, medical care, pre-retirement planning, etc.[22] However, they must be related and should focus on the individual employee according to the economic reality of the company. The danger of specific protections for older workers diminishing their employment chances is being looked into.[23] More importantly, there are indicators that the policy of a lot of companies is not consistent with employer's proposals.

The unions' general position concerning older workers has been to advocate for the humanization of work – e.g., more appropriate job design and better organization or work, fair pay, better work hours, more job security and better health protection, improved vocational training, job reassignment without income loss, job and income guarantees, no age discrimination in hiring or firing workers, improving the educational system, and, if unavoidable, early retirement without income loss.[24]

Current priorities, however, as a representative of the trade unions recently stated, are the somewhat contradictory goals of early retirement, job protection for older workers, reduction of weekly working time, and advanced training for older workers.[25]

Early retirement policy was governed by an agreement between the trade unions, employers, and the Federal Government until the end of 1988. Early retirement is a desired option for a large group of employed persons. A recent study found that 43% of workers would like to retire at age 55, 55% by age 58, and 81% by age 60.[26]

However, early retirement policy is also criticized within unions. The argument is that this policy serves as a disincentive to change job design and is counterproductive to humanizing work. Further, there are differences in trade union policy by economic sector. For example, agreements concerning advanced vocational training can be found in the metal industry in the south of Germany or at the Volkswagen Company, rather than continued pressures for reductions in weekly working time.

Thus, at the official level, the position of employers and unions is similar but in either case the realities are different.

Winners, Tolerators and Losers of Technological Change

Considering all the above trends – i.e., demographic patterns, the demand and supply of labor in general, labor market participation patterns and their assumed change for certain segments of the labor force (especially women, and so-called "guest workers" from abroad), the decrease of unskilled jobs and the increase in more highly skilled jobs, it seems clear that market forces in the FRG are not in favor of older workers. This generalization will probably hold true at least until the year 2000 in the FRG. The pressures described above are reinforced by older workers' poor participation patterns in advanced educational training, fewer overall years of schooling, a larger likelihood of obsolescent skills compared with younger age groups, and age-related labor costs.

Industrial sociologists Schumann & Kern differentiate between absolute winners, tolerators, relative losers and absolute losers as a result of technological change.[27] The absolute winners are persons who will fill highly skilled jobs. These opportunities will be greater for younger than for older workers. The tolerators are persons who are not qualified enough for these new jobs. However, they are protected by labor law or industrial sector or company agreements. They undergo long-range risks – e.g., job loss when plants close or early retirement regulations come into force. In this group one finds an above-average proportion of older workers. The relative losers are persons in hazardous industries like mining, steel, and shipping. In these industries, long freezes in new hires occur. A consequence of such policies is an aging work force. An important factor determining the future of these persons will be the power and influence of trade unions. In the FRG, the degree of organization of trade unions in these industries is above average at the present time.

The absolute losers from technological and structural change are the unemployed. In this group – especially the long-term unemployed — one finds an above average number of older persons.

Prospects for Older Workers

In the FRG, legitimate concerns of older workers are still denied or simply treated as an unemployment, early retirement or retirement problem. However, this may change in the near future.

The older worker per se is a phantom – i.e., an oversimplification of a very heterogeneous group. This increasing segment of the labor force has to be differentiated along criteria such as sex, basic and advanced vocational training, economic sector, status in the company's hierarchy, blue or white collar, personality, etc. Proposals to increase employment prospects for older persons under the conditions of technological and structural change must be related to these criteria. Proposals may be short– or long-term, on the macro- or micro-level. However, in a competitive market economy, the key point at which to increase employment opportunities for older workers must be at the company level.

Positive action for managing an aging work force include:

a) any measures that humanize and focus on health promotion and stress reduction;

b) measures accommodating the requirements of the workplace to the changed abilities of older workers, especially ergonomic job design restructuring tasks; changing achievement norms; and rescheduling working time for stressed older workers, especially reduction of working time, partial retirement (since the start of 1989, the FRG has permitted a combination of partial work and partial retirement);

c) arranging for job transfer in order to create less stressful jobs for older workers;[28]

d) advanced training or retraining integrated in a career design. This training should be continuous or lifelong.

> Specific efforts are necessary for the age groups 40+. At present, this policy does not have high priority in the FRG, although there are some relevant research findings and experiences from the sixties available.[29] However, these were obtained by studying cohorts which might differ from those of today and in the near future.

In the autumn of 1989, our research team started an experiment in advanced training of older workers in the use of personal computers in a shipyard. PCs have been introduced to improve the shipyard's administration. Because of a hiring freeze, two thirds of the shipyard's administrators are now 45+. The qualifications and biographies of these persons require an advanced vocational training design which is individualized, self-directed, and workplace oriented.

In the long-term, consideration of a new definition of work is required. For many individuals, leisure time or time off from work is already exceeding working time. At the same time, there is an increasing demand for paid "volunteer" work, which cannot be realized either through the official labor market or traditional volunteering. In the industrialized societies there will be an increasing number of well-educated, healthy, experienced young elderly with enough free time to seek new roles and meaning in the second half of their lives. The possibility of a "second career" somewhere between leisure, volunteering, self-help, and work will become increasingly important.[30]

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OLDER WORKERS AND TECHNOLOGY

Robert A. Harootyan[*]

Introduction

The growing interest in technological factors related to older workers is symptomatic of two concurrent trends that are occurring in most industrialized countries. One phenomenon is the aging of developed nations' populations, while the other is the increasingly complex and technologically oriented means of producing goods and services. This paper addresses some of the issues that are part of this dual set of forces in industrialized nations.

Rapidly changing technology is constantly influencing the way we live and work. Such changes can be quietly subtle or very obvious, direct or indirect, small or large in impact and scope, and costly or inexpensive. But one thing is certain: These changes are inevitable and follow the general path of the "technological imperative". Once developed, technological innovations find their way into society so long as they serve a functional purpose, improve our quality of life, and are cost-effective.

The rapid evolution of automation and telecommunication technologies during the past two decades has altered the nature of work and the relationship of the worker to the product or service that is produced. Future changes in types of jobs and the skills they require will have notable impacts on workers of all ages. One challenge is to plan ahead for these changes and to develop strategies that respond to the needs and resources of an aging society and work force.

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Technology Defined

There are numerous ways to define or explain technology, exemplified by the following two viewpoints. A board member of the Office of Technology Assessment (OTA), U.S. Congress, once said, during a discussion of which issues OTA should address, that technology is limited to "something you can kick". He was referring, of course, only to things that are tangible and readily observable. An alternative view is John Kenneth Galbraith's assertion that technology essentially involves the application of knowledge to solving problems. Galbraith emphasizes both the process as well as the products in the complex nature of technology. The "products" are thus not always readily observable or tangible. These two definitions form the polar ends of a spectrum for defining technology and discussing its meaning in our lives.

For the purposes of this paper on older workers, technology is assumed to more closely resemble the more comprehensive definition favored by Galbraith. Work-related technology thus includes the organizational elements of the workplace, work site design characteristics, human factors analysis of job task requirements, and knowledge of the physiological and cognitive capabilities of people at different ages. Understanding how these technological components interact is important in assessing the relationship between technology and the older worker (i.e., those age 50 and older).

Changes in Technology, Employment, and Required Worker Skills

The dual trends of an aging work force and rapid technological change present numerous challenges to workers of all ages. As new telecommunication, computer, and automation technologies are introduced into the workplace, employers and employees will need to maintain skill levels required to efficiently use those technologies.

And the pace of change is increasing. Some estimates indicate that the amount of technological change that will occur during the next 25 years will exceed the total amount of change that has occurred since the turn of the century.[1] It is estimated that 50% of a graduating engineer's knowledge will be obsolete within five years.[2] While admittedly a highly information-based occupation that is in constant flux, engineering is one of numerous occupations – especially those that will grow in demand in years to come – that will face similar technological and information demands for an effective and productive work force. These demands for "technological literacy" will be manifested in varying degrees in both the manufacturing and service sectors.

There is growing concern that the U.S. work force, both younger and older, is not keeping pace with these changes and their related skill requirements. Many examples highlight the extent of this growing national problem. At Motorola Corporation only 20% of job applicants could pass a seventh grade English or math test. During a 6-month period in 1987, 84% of job applicants at New York Telephone Company failed an entry-level exam in English and math.[3] These discouraging examples of low basic skill levels among job applicants stand in sharp and ironic contrast to the growing demand for higher skill levels for all types and ages of workers in the 1990s.

The "upskilling" of jobs in industrialized countries is not limited to professional and technical occupations. Clerical, sales, and most line manufacturing jobs require ever higher skill levels that rely increasingly on learning acquired through symbols instead of learning based on observation, repetition, or rote memory. Process thinking, literacy, language skills, and mathematical proficiency are becoming essential requirements at all levels of the U.S. work force. But workers' skills are not keeping pace with these demands, in part because of inadequate standards throughout the educational system, including at the post-secondary level.

Recent analyses by the U.S. Department of Labor point out the growing gap between the language skills of young adults aged 21 to 25 and the literacy levels required for both current and projected available jobs.[4] Based on a Department of Labor scale ranging from 1 to 6, the highest language proficiency of "6" reflects the ability to read and comprehend scientific and technical journals characteristic of professionals such as engineers, lawyers, and scientists. The mid-range value of "3" reflects the skill needs of retail sales people and skilled construction workers. Manual laborers and unskilled workers need proficiency levels of "1". Researchers at the Hudson Institute, which has produced studies for the U.S. Department of Labor, have recently calculated that the 105 million non-military jobs in 1984 required an average skill level of 3.0.[5] But based on Department of Labor forecasts of the 26 million new jobs that are projected to be created between 1984 and 2000, the average level required will be 3.6. Fully 87% of these new jobs were ranked between levels 3 and 4. In contrast, a national sample of 3600 young adults tested by the National Assessment of Educational Progress showed that the average level for this sample of 21–25 year-old adults was only 2.6.[6]

Forthcoming Department of Labor projections indicate that the service-producing industries will account for almost all growth in new jobs created between 1988 and 2000 (manufacturing job growth is projected to decline slightly). Just over one-half of the service sector job growth will occur in three categories: retail trade, health services, and business services. The four fastest growing occupational groups will be professional specialty occupations, executive/administrative/ managerial occupations, technicians/technical support occupations, and service occupations.[7] Clearly, the growth in these types of occupations in the service sector will require a different type of employee in years to come. Process skills, critical thinking, abstract reasoning, and mathematical proficiency will be fundamental requirements for the majority of workers, be they new entrants or experienced employees.

The dilemma of the jobs/skills gap is thus becoming worse as the literacy levels of young adults in the United States fall behind the required levels for most jobs. In some cases, this dilemma is exacerbated for those who are older members of the work force. Currently, for example, an estimated 23–27 million adults in the United States are functionally illiterate (i.e., unable to read or comprehend at the fourth grade level, such as understanding a job application form).[8] About 30% of all persons aged 60 and over are illiterate, compared with a range of 8% to 13% for younger subgroups of the population.[9]

Such statistics point out the tremendous waste of human potential, not only in the workplace but in all aspects of the nation's social and cultural fabric. Some may take comfort in the lower rates of illiteracy among the younger age groups, expecting the cohort effect to reduce overall illiteracy during the next few decades. But, as noted above, during that time the demand for even greater skills in literacy and comprehension will evolve, perhaps to a point where the definition of functional literacy will itself need to be upgraded.

Much of the illiteracy problem in the United States is due largely to inadequate training and education, rather than to an inability to learn or comprehend. With a 1980s high school dropout rate in the United States that hovers around 25% (slightly lower than the rates during the late 1960s and early 1970s), the lack of adequate training in language and math skills bodes ill for a society that demands increasing competence for most types of jobs. It is thus unwise to rely upon age-based cohort changes in literacy during the next two or three decades to help in solving the problems of illiteracy and worker competence.

Impacts of Demographic Change on the Work Force

It is perhaps even less wise to ignore the literacy problems of current workers, including those who are middle-aged and older. In only a few years, the United States and most other industrialized nations will experience absolute declines in the number of young adults who are new entrants into the labor force. Between 1985 and 1995 the *absolute* number of persons aged 18–24 in the United States will decrease by 16%; that is, there will be about 4.5 million fewer persons in that age group in 1995 than ten years earlier (assuming no major change in national immigration law and policies).[10]

Such striking demographic changes will have important impacts on the pool of potential workers in the 1990s. The Department of Labor's "moderate" scenario for economic growth to the year 2000 assumes an average annual job growth rate of 1.3%.[11] This figure is about one-half the average annual rate during the last 20 years in the United States. Even with the higher job growth rates through the mid-1980s, the growing shortage of new young workers during the past decade was largely offset by the increases in the number and proportion of middle-aged and older women who re-entered or newly entered the paid labor force.

During the 1990s, however, the proportion of adult women who are in the paid labor force at any given time is highly unlikely to increase significantly. Most observers note that the proportion of adult women workers is reaching a threshold, especially with recent evidence of strains in balancing family responsibilities such as child care and elder care with workplace demands. If the proportion of women who are paid workers does reach this expected threshold, this source of labor to make up for the looming shortage of younger entrants will be largely unavailable.

Two or three other routes to filling the potential U.S. labor shortage in the 1990s are possible. One is to "export" an increasing number of jobs to other countries, especially as the demand for labor fuels wage inflation. The extent to which this is likely in the growing service sector, in contrast to the declining manufacturing sector (where most job loss to other nations has occurred), is unknown. Another vehicle would be liberalizing the immigration laws to permit or induce more workers with needed skills to immigrate to the United States. Neither of these options is strongly endorsed by the U.S. government or its legislators, who seek other possible responses to the potential labor shortages of the next decade.

A third possibility is for the U.S. government and the private sector to pay greater attention to retaining people in the labor force for longer periods or enticing retirees to return to the paid work force. These themes were among a number that were presented in a report issued in early 1989 by the U.S. Secretary of Labor.[12]

The report stressed the inevitable aging of the U.S. work force, even without major changes in retirement patterns. Although the average age of retirement in the U.S. today has declined to 61 years, the overwhelming influence of the aging of the "baby boom" cohort and the sharp decline in the number of persons in their "teens" and early 20s will be felt during the next decade. Given current trends, the median age of U.S. workers is expected to rise from 36 to 39 between 1989 and the year 2000.[13] While the number of workers over age 45 was 33 million in 1986, their number is projected to reach 46 million by the turn of the century.[14]

This aging of the work force, while not cause for concern in and of itself, may exacerbate the dilemma of the job/skills gap that already is evident among young adult workers. Contrary to popular stereotypes about skill levels of older workers, the major reason for this potential problem lies in the lack of "investment" by the U.S. government and the private sector in workers as they age. Although illiteracy rates are considerably higher among those aged 65 and older, the large majority of illiterate persons in that group are in the 75 and older age cohorts. Below age 65 there is little difference in literacy skills across the age groups.

The threat of skills obsolescence over time has never been greater. As job-skill demands increase more rapidly, the effectiveness and utility of an aging labor force are diminished *unless* steps are taken to reduce this likelihood. The most fundamental step would be ongoing training and retraining of workers at all levels as work-site and job demands change. As leaders of U.S. industry are beginning to recognize, the rapid changes in the job-skill demands have occurred within the work lives of the majority of U.S. workers. Without earlier foresight and commitment to respond to these changes, U.S. industry has lagged in its response.

But foresight and capital investment (including "human capital") have not been the hallmarks of American industry, especially in comparison to the record of their foreign counterparts in countries such as Japan and West Germany. Even today, U.S. corporate leaders tend to respond to the job-skills gap by focusing solely on support of primary and secondary education, with some attention to basic skills development for young job entrants. In contrast, the private sector's record of attention to education and training of middle-aged and older workers has generally been poor.

But the aging of the American work force and the other factors noted above are beginning to be recognized by employers and government alike. As technological advances proliferate, the challenges of not only producing but maintaining an effective, efficient, and proficient labor force will inevitably increase. The need and the opportunities to include older workers in that process are likely to grow concomitantly. Questions remain, however, about the extent of those opportunities now and in the 1990s. Attitudinal and practical barriers to employers' investment in older workers are likely to persist into the next decade.

Aging, Skills, and Technological Change in the Workplace

The era of rapid technological change in the workplace may have special significance for current and future older workers in the United States. As noted above, all age groups in the labor force confront challenges and barriers in keeping up with needed skills. The central feature of this era is the dominance of computer applications in all aspects of work in industrialized countries.

The growth in automation through computers and robotics has both positive and negative impacts on older workers. Automation in the manufacturing sector has displaced many U.S. workers, particularly those who had the lowest levels of formal education and work-related training. Due to cohort-based differences in educational attainment and proximity to retirement age, these displaced workers were disproportionately older persons. A study of the U.S. steel industry found that automation and computerization of operations were directly responsible for the loss of one out of every six jobs in the industry. Some steel workers, however, were trained to use computers in the manufacturing process. Some floor foremen, for example, became proficient in computer-based production control that literally took them off the floor and placed them in overhead control booths. These changed jobs included some workers who were older.[15]

The steel industry exemplifies the dual impacts of technological change in the workplace. Similar examples can be drawn across most occupational and job classifications. Workplace technology can reduce the physical task demands of many jobs, such as those requiring pushing, pulling, lifting, or otherwise handling heavy objects. Speed and safety also can be improved by technological change in the workplace.

For those workers who *do* have declining physical capabilities (the older the worker, the greater the risk of physical decline) or other handicaps (workers of all ages), these technological changes are of great benefit. As persons age they are more likely to experience problems such as reductions in grip strength, lifting capacity, reserve strength, and other aspects associated with performance of heavy physical tasks.

Age-related problems with declining visual acuity and hearing capability can be either exacerbated or ameliorated by technology. The increased use of computers, especially for direct information processing and word processing in the service sector, can be problematical for some older workers. Computer terminal CRT screens can cause vision problems and muscular strain among workers who use them for long periods at a time. These drawbacks of computers may have inordinate effects on older workers, causing higher levels of work-related stress. These negative impacts, in turn, can lead to other physical and psychological health problems.

Increased visual sensitivity to glare can be a special problem for older workers, who may also have greater trouble in reading the text on an average computer screen. Perceptual flexibility and speed of information processing, which are intrinsic to computer use, can be affected by age.

None of these age-related problems in computer use need to be barriers for employment of older people in jobs that require word processing or other uses of CRT screens. Applying the principles of human factors engineering to this challenge can ameliorate most of the problems that may exist. The basic approach is to compare the person's capabilities with the demands of the computer system and work environment. Human factors task analysis can identify needed design improvements to enhance worker performance, efficiency, comfort, safety and job satisfaction.

But the human factor needs of older persons with special problems in the workplace have been largely ignored and few analyses have been undertaken. This lack of knowledge about age-related human factors needs has been especially evident in industrial applications, where older worker safety has been problematical. A similar lack of knowledge exists regarding human factors applications for ameliorating the above-noted problems that some older persons experience in use of computers.

One of the best approaches to resolving these issues is to redesign the work environment to "fit" the worker, instead of only vice versa. Work-equipment redesign for machines as well as computers includes changes in visual display quality to reduce glare and to enlarge either the size of the letters or the display's surface area, or both. Ongoing research is evaluating optimal keyboard layout and alternative input devices such as joy sticks and speech recognition systems.[16]

Training of older workers to use new technologies should not be discounted. The myths surrounding the cognitive or physical capabilities of older persons are persistent, though largely inaccurate.[17] While cognitive decline can be related to age in some persons, it is *not* an inevitable part of chronological aging. Similarly, notable declines in physical capabilities need not occur until the oldest ages. Unfortunately, the fallacies about aging and impaired capabilities have been strongly believed – and acted upon – by employers for decades.

One certainty about the aging process is its flexibility. Another certainty is the high degree of heterogeneity within the older population. The older the age group, the greater the variation about the mean on almost any characteristic. This heterogeneity among older people is documented for characteristics such as aerobic lung capacity, blood pressure, kidney function, economic status, marital status, living arrangements, political philosophies, and even sexual activity. Ironically, group-based stereotypes are most commonly applied to "the elderly" (and perhaps to "teenagers"), even though individuals within the older group are the least likely to fit the stereotype.

The aging process is thus mutable and varies greatly with social conditions. Part of those conditions include the image of aging that is held by the non-aged and the behaviors that flow from it. Yet science has shown that the assumed inevitable declines attributable to age are largely due to disease, both physical and mental. As with the principles of human factors design, numerous types of interventions can alter the course of the aging process and sustain or improve many types of functioning in older people.

This approach can be applied to older workers. Recent studies indicate that intellectual functioning can improve with age *if* the work environment is challenging, supportive, and oriented toward self-direction. Studies show that among older people who have experienced declines in cognitive ability and performance on various tests, performance levels can be enhanced through practice and retraining.[18] Similar results have been obtained for memory enhancement when older persons are reintroduced to the classroom environment and to methods of learning.

Research on physiological function and aging, conducted for the past 20 years, has shown that older persons can improve their functioning to levels that are characteristic of persons up to 20 years younger. And these levels can be sustained through carefully developed regimens for proper nutrition and exercise. Even slowed reaction time that tends to accompany age can be reversed if proper training is provided to persons as they age.

These and other examples of new knowledge are slowly helping to destroy age-old, old-age stereotypes. There is thus little if any reason to assume that technological changes in the workplace are anathema to older workers. Appropriate training, retraining, environmental enhancement, and other supportive interventions can ameliorate those problems that do occur for some older workers. To ignore these possibilities is to ignore a vast amount of human potential in the workplace.

The Potential Older U.S. Labor Force

The potential wasted older worker productivity in the U.S. is likely to grow unless present trends do not continue. Analyses conducted by the New Roles in Society Program at the American Association of Retired Persons indicate the enormous range of the potential older labor force during the next 30 years. The findings are based on four alternative scenarios based on different age-, gender-, and race-specific labor force participation rates between 1990 and 2020.[19]

If the trend toward younger average retirement age during the last 20 years continues in the United States (and following Bureau of the Census population projections), there would be 20.2 million workers aged 55+ in the labor force in 2020. By contrast, if labor force participation rates were to increase incrementally over the 1990–2020 period to levels that are *currently* characteristic of those who are five years younger (e.g., the 65 year-old group in 2020 would have rates equal to those of the 60 year-old group in 1986), the total 55+ labor force in 2020 would reach 39.4 million workers – almost double the number in the other scenario.

These figures represent the polar ends of a spectrum. But they serve to show the enormous potential within the age 55+ population that might (or might not) be part of the nation's labor force during the next thirty years. The United States could benefit from the inclusion of up to 19 million more older workers by seeking ways to retain them in the labor force.

National survey data collected by the New Roles Program indicate that 23% of current retirees would consider returning to the paid labor force if the "structure" of work were more amenable to the wants and needs of older workers.[20] Those factors most frequently cited by these survey respondents were part-time employment, flexible schedules, short commuting distances, and no economic penalties for returning to work (i.e., loss of private pension or Social Security benefits). Such changes in the structure of work are not only possible but probable as the demand for workers in an aging U.S. society grows.

Furthermore, as noted in the foregoing sections, instead of being a barrier to employment of older persons, technology – applying our knowledge to solving workplace problems that confront some persons as they age – can be used to increase the capabilities and productivity of older workers in ensuing years. Industrialized nations such as the United States cannot afford to ignore these needs and opportunities. In this sense, technology can be the solution rather than the problem.

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IMPLICATIONS OF TECHNOLOGICAL ADVANCES FOR CANADIAN WORKERS

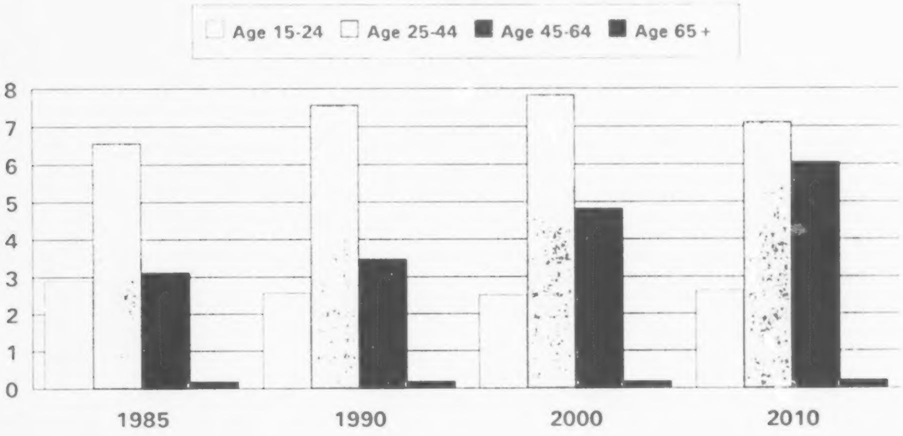
Neil Charness[*]

To understand how technological advances will affect Canadian workers, particularly older ones, it is necessary to look at a set of interrelated issues: the demographics of the work force, how aging affects productivity, the nature of the technology most affecting business, and training issues.

Demographics

The labor force in Canada, much like the population as a whole, is aging. *Figure 1* provides a set of projections based on a study published by Denton, Feaver and Spencer.[1]

Figure 1: Canada Labor Force Projections (Millions)



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The projections are based on a "normal" model, assuming that fertility, mortality, and immigration rates remain constant. Particularly noteworthy is the shift in the component groups. The 45–64 year old group will eventually be one of the largest age groups. They are of course the baby boom generation, those born in the 1950s and 1960s. In short, older workers will move from a rarity to a routine occurrence.

Age and Productivity

Some have argued that one potential consequence of an aging labor force is a decline in productivity.[2] Lehman's pioneering work on age and achievement indicated that humans reach peak productivity levels in their late 20s and early 30s.[3] (See Simonton for a recent review.)[4] The findings in laboratory research of psychological processes such as reaction time and intelligence test performance also mirror these findings.[5] Longitudinal studies of psychometric test performance reveal that not all older adults show decline, and that there is a great deal of stability until quite late in life.[6]

The more pragmatic question is: What happens on the job? The story here seems more favorable. Meta-analysis of 13 studies by Waldman and Avolio reveals that industrial productivity measures tend to show slight rises with age ($r = .27$), though supervisor ratings tend to show a decline ($r = -.14$), and peer ratings show a slight increase with age ($r = .10$).[7] An important moderator variable was whether the worker was professional or non-professional. In general, however, age was not a particularly powerful predictor of productivity.

Unfortunately, most age-productivity studies have not taken into account moderator variables such as the education level of employees (older cohorts tend to be disadvantaged), experience levels, or technological status of the industry. Further, as Davies and Sparrow noted, "survival of the fittest" may account for maintained productivity in older cohorts.[8]

Another issue related to productivity is absenteeism. Older workers have long been thought to be more reliable in that they show less "avoidable" or voluntary absenteeism, but it has also been suggested that they show more "unavoidable" or involuntary absence due to greater susceptibility to illness or injury coupled with longer recovery times. A recent meta-analysis by Martocchio shows that both forms of absenteeism decrease with age.[9] Sex is a mediator, since voluntary absenteeism does not change with age for women. Again, age is not a strong predictor. Age correlates –.20 with frequency of absence and –.11 with time-lost.

The discrepancies between objective measures and supervisor ratings in the Avolio and Waldman study is worrisome.[10] Canada's Supreme Court is considering* for the first time judicial cases that challenge mandatory age-based retirement using a section of the recently adopted *Charter of Rights and Freedoms.* The Federal government and several provincial governments have already either abandoned or have announced their intentions of eliminating mandatory age-based retirement.[11] If mandatory retirement is abolished, performance measures will be needed to "retire" older workers. Supervisor ratings may not be an age-fair measure. Worse yet, a negative attitude toward older workers may make access to retraining more difficult.

There are obvious opportunities for older workers to maintain productivity even if they do show physical and mental decline. For one, productivity is more likely to be a function of capital investment in equipment and training than the age of the worker. To be productive, as the saying goes, you have to work smarter, not just harder.

Human progress (assuming you agree civilization is progressing) has usually been attributable to the invention and perfection of tools that amplify and extend man's physical and mental abilities. Probably the vast majority of jobs in the economy do not overtax the ability of most older workers. There is a significant reserve capacity of mental and physical energy to meet most demands. Nonetheless, those who do not adopt and adapt to newer technologies will fall behind.

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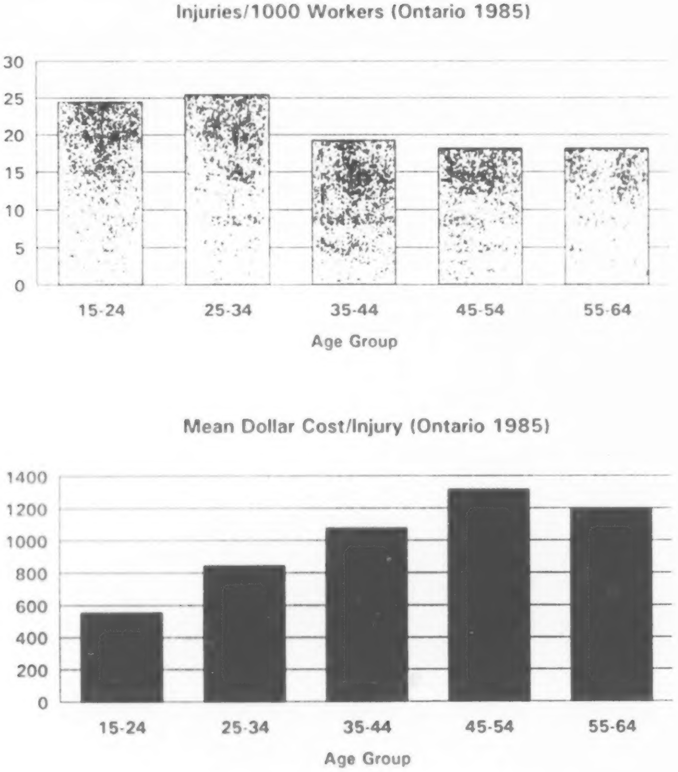
* On Dec. 6, 1990, the Supreme Court of Canada upheld mandatory age-based retirement.

Age and Work Injuries

There are other significant implications for an aging workforce. A particularly salient one is work-related injuries. We were interested in seeing whether there are any changes in circadian rhythm pertaining to time-loss injury rates in older workers.[12] Although our findings about age differences in circadian effects thus far are negative, we did replicate some basic features of work injury patterns described by Root for the United States labor force.[13] Namely, older workers tend to have fewer time-loss injuries, but the cost of the injury is greater, as shown in *Figure 2*.

Figure 2:



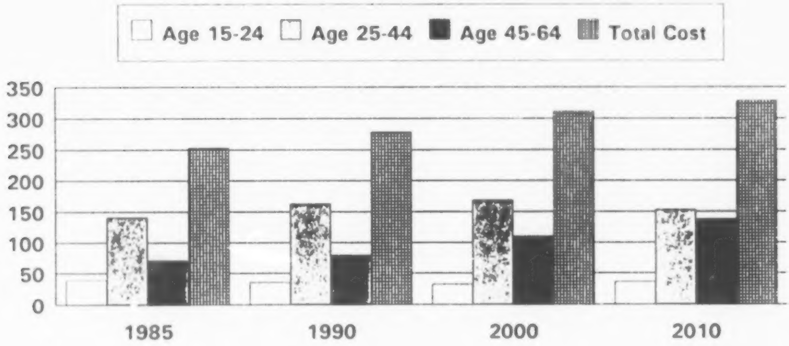
Injuries/1000 Workers (Ontario 1985)

Mean Dollar Cost/Injury (Ontario 1985)

Figure 3 projects the product of the aging labor force together with the rate and cost of the pattern of work injuries in the Province of Ontario (Canada's largest province). Even though older workers have fewer accidents, since the accidents experienced are more costly ones, the overall costs will continue to rise if nothing changes.

Figure 3:

Projected Cost of Canadian Work Injuries using Ontario Costs and Canada Labour Force Projections ($ Millions)



Age and Training

Everyone stresses the rapidity of technological advance as it affects industrial production. The foremost symbol of that change is the microcomputer. Barely a decade old, the microcomputer has invaded the workplace in record numbers. Its primary use is for word processing, spreadsheet analysis, and database analysis. Millions of workers have been given these instruments, with the only training being the manual accompanying the equipment or software package or a brief course.[14] This is a reflection of the larger ills of training in the North American market.

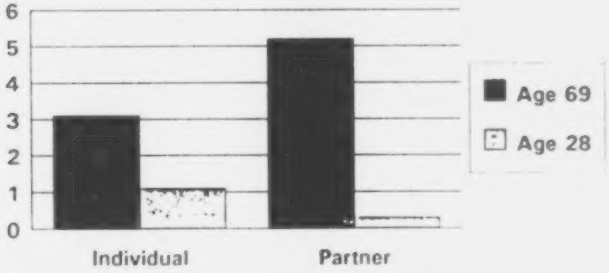
Little attempt has been made to gauge how worker characteristics (such as age) affect the successful adoption of computer technology. A recent review of human factors and age touches on some issues about the physical interface.[15] Some work from our laboratory has looked at training issues.

Learning Software

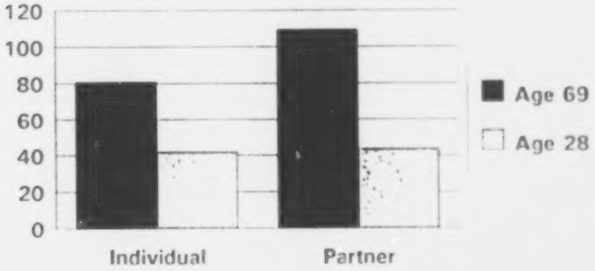
We examined how older and younger computer novices acquired skill in using parts of Borland's SideKick desktop manager software.[16] Subjects went through a self-paced tutorial either alone or with a partner for two sessions, then came in for a final test session. As *Figure 4* indicates, older people took much longer to complete the test session, needed more help from the experimenter, though generally performed as well as younger adults. Training in partners, though each partner had half the hands-on experience as someone learning alone, proved very effective.

What is the best training method for older workers? Are there barriers to the retraining process? Older workers are evidently more reluctant to avail themselves of retraining.[17] Although there have been numerous claims that self-paced and other forms of "discovery learning" are superior for older adults, there have been very few experimental tests. The issue of whether there are age by training technique interactions has been largely unexplored in the area of learning to use software programs. Gist et al. failed to find an interaction between age and training technique (modeling plus tutorial versus tutorial alone) for a spreadsheet learning task.[18] Similarly, Czaja et al. reported no interactions of training technique with age for a word processing training study.[19] The Zandri and Charness study did show an interaction for final performance score.[20] In short, it is still unclear how best to go about training older workers to use computer technology. The good news is that age is not a barrier to new learning, and it may not slow down the rate at which skill is acquired for the middle-aged.[21] Nonetheless, older learners are somewhat slower learners even when operating in a self-paced learning environment.

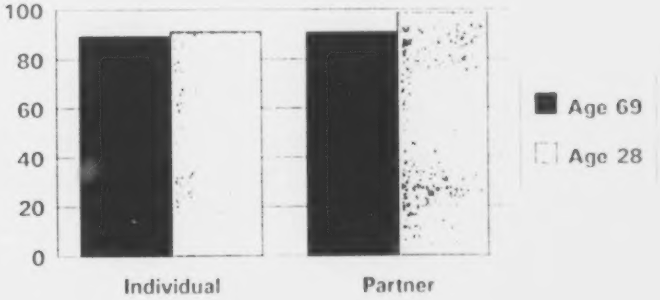
Figure 4: Mean Requests for Help



Minutes to Complete Test Session



Percent Correct on Test



Conclusions

We face "interesting times" in Canada. The combination of an aging workforce and a large national debt (roughly U.S. $300 billion for a population of about 25 million) raises some striking challenges. Purveyors of new office automation technology promise increased productivity at minimal cost for a rapidly expanding service sector. Hopefully, they will keep in mind who the users of that technology will be when designing equipment and training programs.

Population trends indicate that Canada will need to rely increasingly on older workers as the labor force ages. Improvements to current technology will need to be made to accommodate to the perceptual and cognitive changes that aging workers face. Training is essential to improve productivity, but it may take more time for older workers. Elimination of mandatory retirement (either through the courts or voluntarily) will create new planning challenges. Governments, researchers, and employers need to join forces to guarantee that workers achieve productivity gains and reduce work-related injuries.

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Section Four: The Reorganization of Work, Leisure and Education Over the Life Cycle

THE REORGANIZATION OF WORK, LEISURE AND EDUCATION OVER THE LIFE CYCLE: INTRODUCTION

Jack Habib and Charlotte Nusberg***

The reorganization of major life cycle activities refers to a range of proposals for diverting from the familiar "three boxes" of life.

It is important to distinguish two types of proposals: 1) those that relate to the expansion of a particular activity at a particular life cycle phase, such as more employment or education after retirement, or more leisure during the major working ages; and 2) those proposals that attempt to link various changes to other stages in the life cycle: for example, more education in the middle years to support extended employment, or more employment in later years, so that opportunities for leisure or training may be enjoyed in the earlier years.

This section focuses on exploring the second, more comprehensive proposals although, of course, the partial analyses are also of relevance.

The following questions need to be addressed:

- What are the motivations behind proposals to reorganize the life cycle?
- What are the major forms that these proposals have taken?

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- How relevant do they remain in today's economic/social environment?

- To what extent have elements of these proposals already been implemented in various countries?

- What are the major issues that arise in evaluating these proposals? For example:
  Would individuals be interested in trading off more work in the later years for less work in the earlier years?
  Are such tradeoffs feasible given existing institutional constraints?
  What would be the implications for overall economic productivity, or for productivity in specific sectors?
  What are likely barriers or obstacles?
  What are the implications for education over the life cycle?
  What changes in the prerogatives associated with seniority would be required?

- What can existing experience and research contribute to the evaluation of the options?

- What are the needs for additional research?

- How could advocacy efforts play a useful role?

In addressing the motivations for proposing a reorganization of the life cycle, several possibilities emerge:

One argument is that a more balanced mix of leisure, education and work would improve well-being at all ages, and would help delay burn-out and prevent technological obsolescence. The rise in longevity and the prospect of improved age-specific health status would further support this argument.

A second argument that addresses the societal implications would urge an extension in work life in order to reduce dependency burdens, ease pressure on pension systems, and so on. This argument would not require reorganizing work at younger ages, but could require career shifts and retraining at middle ages.

A third argument would combine both individual and societal perspectives. It would begin with the concern for expanding employment, training and leisure opportunities during the middle and later years to meet individual needs, but then would turn to the question of how this could be facilitated in a surplus labor economy. One response would be to allow for more leisure or training before pensionable age, financed by more employment in the later years. In fact, in a labor surplus economy, reorganization of the life cycle may be a major way to facilitate employment at the upper end of the age spectrum. In a labor-scarce economy, there may be interest in expanding employment at all ages. However, this may not be attainable unless some attention is given to training and respite at earlier ages.

The papers in this section address various aspects of the broad framework presented. Rehn, one of the pioneers in raising this issue, describes the efforts made to implement some of these concepts. He emphasizes the importance of providing more freedom of choice and flexibility, and provides an in-depth analysis of the experience of Sweden in this regard. Rehn calls for the abolition of the normal pensionable age and the introduction of the right to paid leave, which could be flexibly utilized throughout the life cycle. Based on changing economic conditions, governments could provide special incentives to influence the timing of the use of such rights.

Rehn believes that there are several reasons to expect growing demands for increased personal self-determination in the allocation of periods of study, work, and retirement (and other forms of leisure), and also increasing pressure from employers for adaptability of labor input to meet variations in demand (structural, cyclical etc.). In some countries, both legislation and collective agreements have begun providing greater variability of work time during the week, the year, and the life cycle. This improves the quality of working life, as well as other aspects of well-being, and optimizes the functioning of the labor market.

Fred Best, who has made important contributions to the development of these concepts in the United States, reviews the interest in flexible life scheduling in the 1960s and 1970s, and speculates about future prospects for this idea. Among the prerequisites for implementing new life-scheduling policies, according to Best, are strong economies, supportive of job security. Second, political leaders must understand the pros and cons of alternative life scheduling and be capable of focusing public debate. Third, the values and needs of the public must support alternative life-scheduling options. Fourth, concrete and workable policy options must exist.

In the paper by Jacobson, the issue is placed in the broader perspective of changes in the structure of the employment relationship. He stresses that recent trends in the post-industrial labor market cast doubt on the continued validity of the dichotomy between work and retirement. These trends suggest a movement toward increased externalization of work, i.e., taking the worker out of the organization. Various interrelated forms of externalization are likely to affect employment structures by creating more flexible and independent workforces and by increasingly diminishing the attachments between the worker and the organization. The paper suggests that these developments may have profound implications for the hitherto clear-cut two-phase allocation of the adult life cycle into work and retirement.

Hendricks and Cutler address the role of leisure in light of this new perception of the life cycle. The future of leisure is cast as a relevant variable in determining life satisfaction, since it has an impact as great as that recognized for work and for other forms of activity. The role of the state, the shift toward service economies, and the role of leisure as a form of consumption are examined in terms of life course analyses.

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FLEXIBILITY AND FREE CHOICE IN WORKING LIFE

*Gosta Rehn**

To begin with, let's look at some rather well-known generalities.

In different forms and to different degrees in different countries, one can see demands for a more flexible life style than is permitted by the traditional three steps: education and training during an uninterrupted series of years and school stages, followed by income-earning work until a predetermined age for retirement.

It is true that this trend seldom takes the form of a goal-conscious political demand for a reorganization of life. However, it is evident that people often undertake individual deviations from the traditional pattern in so far as there already exist possibilities of this sort. There are also some organized demands for expansion of these possibilities in several cases.

The Organization for Economic Cooperation and Development (OECD) has widely sold the concepts of recurrent education and training for labor market reasons, i.e. the provision of possibilities for adults all through life to go back to education/training so as to climb some steps on the ladder of skills and status or to switch to another occupation than that with which they started life. Although there is great variation between countries, we have also seen increasing opportunities in this direction. In a report on elderly workers and the labor market, the OECD Manpower and Social Affairs Committee once even recommended the introduction of possibilities for

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"temporary retirement". In some countries there are also talks about "sabbaticals", and not only for university professors.

In one important respect, a wholesale deviation from the traditional pattern has occurred during recent decades, mainly in connection with the growth of female activity in the labor market. We have seen an increased application of part-time work during long periods of active life, and also a switching between full-time work and abstention from income-generating work in order to care for children, parents or husbands.

With variations connected with business cycles, there seems to be an increasing tendency toward more absenteeism: one takes unorganized liberties oneself if they are not provided in organized forms. Another expression of this tendency is the proliferation of flexitime wherever this can be technically applied.

As concerns retirement, various forms of flexible retirement age have been created. To a great extent this has had the form of easing access to early retirement for reasons of disability, particularly during periods when a state of economic recession has increased employers interested in eliminating some persons from their workforce, persons whose seniority in the firm would usually have given them a greater right to stay than younger workers, if specific arrangements had not been made with them (and their trade unions) to accept redundancy. To some extent there has been a pseudo-flexibility (the opposite of free choice) where employers, unions and peers have all put pressure on elderly workers to leave. Even some governments have taken part in this game. It is noteworthy and peculiar that so many governments have given higher priority to using taxpayers' money to persuade workers not to work instead of using that money to create more work and higher productivity.

Most recently, however, we have noted the beginning of a reversal of the early-retirement phenomenon. Demographic developments have begun to inspire efforts to persuade people to continue working for more years, even beyond the ordinary retirement age.

The tendency toward nonacceptance of standardized norms for allocating work and non-work over the lifetime was only to be expected with the rapid growth in the average level of education and income since World War II. This can be expected to continue despite the setbacks brought about by high unemployment during the last two decades. The gradual reduction of working hours and the reductions of retirement age also give increased margin for variations of labor supply.

If governments want to apply foresight, they should look into the problems and the positive possibilities connected with increasing freedom of individual choice and flexibility in working and non-working life. Otherwise, they may have to meet demands for different forms of worktime reductions per day, per week, per year, and per life in an uncoordinated and unplanned way. One pressure group after another gains political ascendency.

We now see different countries struggling with growing financial difficulties in their social insurance systems – the result of careless submission to popular demand, particularly for better pensions at lower age levels, and this in an epoch when the growth of life expectancies (very costly for both pension insurance funds and taxpayers) more logically could have led to an increase in retirement age.

As a result of high unemployment, we have also seen a specter from the thirties – the demand for shorter hours of work as a tool to combat unemployment. One must ask if there is any real probability that those deficiencies of the economic system which lead to unemployment in the first place would be less virulent at 35 than at 40 hours – if the reduction were prescribed as a general and irreversible rule. It would be another matter if we had a flexible system for labor supply, inviting workers to let the supply of their labor vary (with income maintenance) both upwards and downwards consistent with variations in demand. In other words, if we could meet the request for increased freedom and flexibility in working life in such a way that people let variations in their supply of labor hours meet variations of demand, this would help keep the labor market in good balance in spite of unavoidable economic variations.

It is another matter if the request for shorter hours of work is the expression of a preference for increased leisure over increased income. While this seems a fair request, a word of caution is warranted. Individuals tend to underrate the cost of work-time reduction. They think that the reduction of net income (after tax) looks limited because of the ensuing reduction in tax payments. But if everybody were to reduce their taxes by high amounts (as determined by the high marginal tax rates), this would compel the state to compensate itself either by imposing higher tax rates or a lowered volume of services and transfers. Thus, the cost of the reduction of hours is in reality greater than it seems for an individual undertaking this reduction for himself alone.

This error of perspective has to be taken into account when we look at various public opinion polls examining attitudes toward more income versus more leisure. Over the years, there have been a number of such polls in many countries, some tending to show majorities for reduction in work hours (sometimes even under assumptions of accompanying reduced income). Others show a preference for continued income increases through additional work. There are also polls concerned with the choice between different forms for reducing work time – e.g., lower retirement age, more school years, longer vacations, shorter hours per week and per day. Opinions tend to be widely scattered over the different alternatives. A recent such inquiry undertaken in the European Economic Community with methods intended to ensure comparability between countries, showed majorities for lower pensionable age in Germany, France and Britain, but for other alternatives in the remaining countries. There are, of course, also different desires depending on age, sex, income levels and family situations.

In view of the split picture of citizens' wishes which we get from opinion polls, and the distorting influences of temporary situations and mistaken beliefs about the real (macro) effects of individual behavior if applied by the public at large, I think we should feel free to discuss all alternatives concerning the allocation of working time through life. We can concentrate on possibilities of broadening free choice under conditions which help the individuals to make their choices in such a way that divergencies between individual and collective effects are avoided. In other words, we should keep in mind the fact that the possibility for each individual to see his or her wishes fulfilled depends, to a certain extent, upon the degree to which policymakers can persuade citizens to use their freedom in such a way that this contributes to adaptability and equilibrium in the labor market and thus promotes the fundamental goal known as "full employment without inflation". This would then also help to counteract the tendency toward braking the growth of individual and public income which follows upon reductions of working time.

The choices which citizens are now offered are to a great extent influenced by the degree to which the different alternatives require the use of taxpayers' money instead of one's own. As I have already indicated, this applies in particular to measures taken in regard to pensionable age, where the short-term goal of getting some workers to leave the labor market permanently has made some choices particularly popular in governments and parliaments, but proven costly in the long run. To avoid misuse of taxpayers' money, individual choice, even when it can largely be expected to go in the desirable direction, has, of course, to be controlled. It will not be politically easy to switch the administrative machinery to the opposite task of persuading individuals not to leave the labor market, now that demographic trends are making this behavior desirable.

One of the theses I want to present here (as in some earlier writings) is that it would be better for the long-term relationship between the welfare state and its citizens if situations could be created where it is clear to the individual that he is maneuvering with his own money. A large part of the assets everyone is building up in the social welfare system by paying taxes implies a transfer of income from one period of life to another. It would contribute to sound attitudes about alternative choices in behavior if it were made clear, both administratively and institutionally, that using or saving this money in one situation means reducing or receiving equivalent amounts of money in other situations. If the consequences of different alternatives are in this way made clear to individuals, they can be presumed to exercise more rational choice than if they believed other people would bear the costs.

In what follows, I shall largely refer to the debates, developments and experiences in this area in my home country, Sweden. There we have seen a step-wise increase in possibilities for the individual to determine the use of those social rights (economic assets) which are provided by Sweden's comprehensive social insurance system, particularly pension rights. Greater flexibility has also been shown with regard to legislation governing hours of work and vacation. There have also been a growing number of individual arrangements which deviate from the normal full-time work pattern. Finally, the concept of recurrent education has been increasingly applied. I do not intend to suggest that the idea of letting people freely manage their own "social" assets is behind all this, although it is at least partially the reason behind reforms in the pension system and the financing of university studies. Of course, in the case of calamities (illness, invalidity, unemployment, etc.) social welfare arrangements always have supplied, and always will supply, social services and income maintenance without negative consequences for the person in need of help.

When suggestions for introducing more free choice in matters of hours of work or pensions were first presented (in the 40s and 50s), these were met by rather rigid negative attitudes. After long and often bitter struggles, the labor movement had achieved a set of universal standardized rules and rights, financed by all income-earners in all-embracing systems. Those who had succeeded in establishing these systems had a tendency to defend them against any request for "weakening" them.

With time, this attitude became less rigid. Where the state has created a general and compulsory system of social insurance (particularly for retirement pensions) which, to a great extent, shuffles income between different periods of each individual's life, and where existing legislation already protects every worker against employers' pressures for longer work hours, it makes sense for the state to next arrange for greater freedom by individuals or groups in utilizing these laws and assets which it compels them to accumulate.

The advantage of the system of general and compulsory insurance is that it gives protection both against the effects of inflation and against individual misfortunes in a way that is rather cheap compared with a system where, at least theoretically, free choice prevails on the financing side, and where those who need protection the most often stay outside the system unprotected.

In those countries where old age insurance is provided by a great number of separate insurance institutions, it would, at least prima facie, be rather difficult to administer a right by individuals to freely utilize their assets, which are often scattered in several non-cooperating institutions. I hope I am wrong in this supposition. I know that even in such countries there are advocates of moving "toward a society of free choice" similar to the concept I described in a paper under this title originally presented in 1972 at an OECD conference on "New Patterns for Working Time".

There, the basic idea – already advocated during the preparatory stage of the great pension reform that was voted by the Swedish Parliament in 1959 – was, and is, that the concept of free choice in an old age pension system should both consist of a right to choose one's retirement age (with due actuarial adjustment of the pension level, lower for early and higher for late retirement), and also should imply a right for the individual to utilize a certain part of his or her assets at an even earlier stage of life (say one-third of what he or she has accumulated at a given date) for any purpose of his own choice (the other two-thirds being needed to cover risks plus a necessary minimum of old age insurance). Individuals should have access to this "drawing right" on their account without asking for permission from any authority and without any prescription as to the use to be made of the money – e.g., to take an extra vacation, to train for new skills, or simply to alleviate temporary economic pressures.

This relatively advanced proposal horrified not only those administrators and trade union leaders who had drafted the government's bill, but even members of the government. Some of them feared that people would abuse such freedom and then come back later and request unreduced benefits. After much hesitation, the government did, however, introduce a right for individuals to retire up to four years before, or three years after the normal pensionable age (67), with an actuarial adjustment of the level of pension (0.6% less or more for each month of deviation from age 67). Despite resistance from the insurance bureaucracy to each further step, we now have, since 1976, a system where the individuals are free between the age of 60 and 70 to move back and forth between receiving a pension (with appropriate actuarial adjustments) and earning an income, which can improve their pension rights. The normal pensionable age has, in the meantime, been reduced to 65. Involuntary early retirement, because of disability, of course results in a full pension.

At the same time, other changes to the system have permitted deviations from the normal rules. One is the introduction of the concept of "labor market disability", i.e., a right to receive a full pension five to ten years before the normal pensionable age, only because one had become unemployed and there are no suitable vacancies available in one's neighborhood. This right has become relatively widely used in Sweden, although less so than in most other countries, where the "pensioning off" of elderly workers has been one of the main methods for "reducing" officially registered unemployment. Undeniably, this is a form of increasing free choice, although one not totally free from administrative controls (or pressures on elderly workers to leave their jobs in favor of younger persons).

Another innovation is the "part-time pension". If workers 60–65 years of age reduce their weekly working time by at least five hours, down to something between 17 and 35 hours per week, they can now receive a pension covering 65% of lost income. This means that an early pension can be paid without any actuarial reduction, as is the case with full early retirement.

This arrangement has become rather widely used. During a period of relatively high unemployment (around 3%), the number of persons on partial pensions increased to 27% of those eligible. Now it is much lower. The idea behind this generous policy was that it would encourage some persons, who otherwise would seek a full disability pension, to remain employed at least part-time. It can, of course, also have the effect of encouraging persons with full work capability to reduce their work effort. The research done in this area has been inconclusive.

Despite the existence of administrative controls, (albeit mild), the various forms of early pension (full- or part-time) have proven strong competitors to voluntarily advanced pensions. These have only been utilized by about three percent of those eligible. The number of persons postponing their request for pensions beyond the normal pensionable age is even lower, under 2%.

Recently, public attitudes toward the rather easy access to early retirement have undergone change. The labor market authorities have advised the public employment services to more severely scrutinize requests for early pensions on the basis of "labor market disability". After all, each case, at least to some extent, of an able-bodied person leaving the labor force to become a pensioner becomes a loss to the country's economy and a burden on taxpayers. It is not certain – in fact, less than 50% probable – that an elderly worker who leaves the labor force at 60 to 65 years opens a slot for a young unemployed person, either at the current level of unemployment (below 2%) or at higher levels. Even in the latter situation, Swedish trade unions have maintained the view that "unemployment should not be shared, it should be eliminated".

Even though they once requested the introduction of the concept of "labor market disability", the central union federations have tried to stop the tendency of local union branches to enter into collusion with employers in order to arrange for early exit of older workers. This requires deviations from rules governing the order for redundancies and implies sacking of elderly workers despite high seniority; It also presupposes an understanding with local placement bureaus that they should not offer those workers any new jobs, but let them receive unemployment insurance benefits instead until they become eligible for an early pension. (The employers sometimes contribute to this illegal conspiracy by paying wage supplements for a few years before 60.)

Now there is a drive underway (as in some other countries) to encourage those above age 60 to stay as long as possible in productive work. It is expected that we will have great difficulty finding workers for the social services which primarily serve persons above 80, who, particularly, need a lot of care in their homes, in hospitals, and in other institutions. One possible labor reserve is the "younger elderly", those between 60 and 75, who hitherto have taken it for granted that one should not only start receiving one's pension during this time period, but also that there is a duty to actually stop working, at least at the "normal pensionable age".

Some of the attitudes described above are probably an important factor behind the low incidence of pension postponements. A government commission on pension problems is currently discussing this matter. It is likely they will recommend an increase in the premium for postponing pensions after 65 from the present 0.6% of the pension per month of postponement to at least 0.7% (this would be a more correct figure, actuarially speaking). They also envisage an educational campaign to persuade private and public employers to retain or hire elderly workers. The law prohibiting age discrimination in hiring and firing before age 65 would also have to be altered, perhaps drawing the line at 67 (in the U.S. there is no limit).

These appear to be rather timid measures for changing the old and strongly ingrained attitude that a pension should start at a "normal" age and be considered final. To create a habit of thought according to which people can begin to use their pension rights at an age chosen by themselves and be willing and able to take up income-earning work again at any age of one's choice will not be easy. It will take time both among workers and employers. Of course, a situation where shortages of labor exist in many areas – such as prevailed in Sweden in the spring of 1989, would help. Such overheating cannot, however, last very long because of its inflationary consequences.

I think we can call the policy hitherto followed rather shortsighted. Each situation has been treated as if it were to last forever. Because of some unemployment between 1980 and 1984, a number of elderly workers were invited to leave the labor market forever. To call them back would certainly be regarded as a sort of reneging on promises created by the state itself. If such early utilizations of one's pension rights had been instead regarded as an individualized arrangement to be applied for a short or a long period, or even forever, according to one's own choice, the nature of the situation would have been different – not an admission by the individual, in agreement with the state, that he or she should be declared forever unfit for productive work, with a permanent duty to leave the labor market, but rather a temporary matter in a temporary situation – that could be altered and lead to new (self-determined) decisions later on. Many of those who, during the slack period, had left working life could have come back and alleviated the inflationary shortages.

Now, on the other hand, we are probably going to push everybody in the direction of working longer, making it a general moral duty to stay on because the country needs you. Some are even talking about moving the normal pensionable age to its previous level (67) – an act which would also be regarded as a breach of faith.

I think a long-term solution should include the abolition of the concept of "normal pensionable age" both as a duty and as a right. The pension rights everyone has acquired by participating in their financing should instead be regarded as a basis for income maintenance during non-work periods determined by the individual, but influenced by the state – sometimes in one direction, sometimes in the opposite direction, sometimes in one sector or area, sometimes in another or all over the economy, sometimes with strong, and sometimes with milder incentives, depending upon the specific situation.

This carries us back to the idea of free drawing rights, valid for something like one-third of the value of everyone's assets in the old age insurance system, a part which individuals would have the right to utilize at any time for purposes of their own choice. They would thus, for example, receive a temporary or part-time pension for a period of time, but not withdraw permanently from the labor market. If this were combined with the possibility of receiving a premium, either for choosing to make temporary withdrawals during slack periods or in an area of low demand for labor, or for coming back or continuing work after a free period or a certain age, we would have a chance to move beyond the old rigidities and moral pressures on individuals. We could create a situation where some people would move in and out of work in accordance with variations in the demand for labor on the basis of free choice in the utilization of their drawing rights and appropriate incentives from the government.*

Of course we should continue to permit persons with real disabilities to receive a full pension according to the traditional pattern (only modified by any earlier utilization of their drawing rights).

Next on the list of reforms under discussion in Sweden is the possibility of increasing the flexibility of systems which regulate hours of work and vacations. Hours of work were already amended in 1957 (in connection with a reduction of the normal work week) so as to make it a right but, not (as before) a duty to go down to the stated level. Local unions, which might regard higher income as more important than more leisure, received the right to make special agreements with employers about any number of hours desired. Because many trade union leaders at that time believed that "the workers do not know what is best for them", the national unions obtained the right to control local agreements. This has largely led to everybody toeing the line. Some unions, particularly that of the engineering industry, have, however permitted their local branches to make agreements about so-called "planned overtime" (well-paid). They have also introduced a system called "hours of work bank", whereby individuals can vary their input of work over longer periods of time within a given framework.

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* Some members of the current commission on old age questions have already made known their view that a new order should permit everybody a freer utilisation of their pension rights all through life, i.e. a sort of drawing right mentioned above. This view is particularly supported by the central federation of professional and academic trade unions, SACO/SR.

In connection with the introduction of the fifth week of vacation in 1976, workers were also given the right to accumulate this fifth week over a maximum of five years with one and the same employer, so as to permit longer "sabbaticals". This right, however, has had a rather limited application (only a few percent).

Now, a government commission on work-time questions has begun to prepare for a flexible combination of the laws on hours of work and vacations. In connection with an intended increase of the normal vacation period to six weeks, workers would get the right, within the framework of a total number of hours per year, to use part of their vacation hours as reductions in the work week or vice versa. Such a law, if approved, would open the way for all sorts of elastic arrangements – e.g., to meet seasonal and other variations in the demand for labor, at the same time as meeting individual wishes of workers.

Finally, we can note that "flexitime" – the right of workers to vary the daily arrival at, and departure from, the work place – has become rather widespread in Sweden, as in many other countries. Roughly 60% of white-collar workers and 2% of blue-collar workers now have the right to apply flexitime. The application of flexitime seems to have a positive influence on absenteeism and productivity. It should also be regarded as contributing to the quality of working life, or simply of life.

There was a time when trade unions were against flexitime because it could imply stronger control by employers of total presence at the work place, but such attitudes have largely disappeared.

We now come to what is perhaps the most important element in the reshaping of life schedules – spreading out education over the lifespan. (Under education I include vocational training under special arrangements demanding income maintenance other than ordinary wage payments.)

Unfortunately, the educational explosion, which occurred in many countries during the 50s and 60s, was very strongly concentrated upon schools for the young. When economists began to talk about schooling as "the fourth factor of production", they, and those who took action in this field, were in most cases solely thinking of secondary and higher education in schools and universities. I remember at the first OECD conference on this matter (1961), it was practically only we Swedes who spoke up against this one-sidedness. We meant that governments should not create a cleavage between older generations, of which only very few had gone beyond more than a few years of elementary school, and a young generation, among whom the majority would have received high school diplomas or other more advanced degrees. With the help of these degrees they could soon outcompete their predecessors in working life. It would be better to let opportunities for improved education, for which economic progress had created a financial basis, also reach those who were already experienced in working life. This could create a more balanced situation in the labor market.

This strategy was also motivated by another reason: To upgrade some persons who already had some years of work experience to a higher step on the ladder of skills, or help them to obtain retraining for another occupation in order to meet structural changes in demand for various sorts of labor could be done much more rapidly than steering unexperienced youngsters through the years of schooling they would need to arrive at a similar level. The labor market would function much better if people at all age levels had access to "training, retraining and further training".

As a matter of fact, all through the 1960s the OECD gradually reinforced its advocacy of adult education and training, first by stressing "training for labor market reasons" as an element of labor market policy, but later widening its recommendations to other elements of the educational system. The slogan "recurrent education" was, however, not launched until 1969 (by Olof Palme in an OECD meeting of ministers of education).

I shall not pretend that Sweden differed too much from the general pattern, but it is fair to say that we applied a recurrent education program relatively early, in the 60s. This occurred parallel to a real explosion in the school system, particularly in the increase in the number of students in the age bracket 16–19 and those entering universities. In connection with 1975 university reforms, parliament declared that "the Swedish educational system should apply the recurrent education principle". This implied, inter alia, that "work experience" (income earning or participation in organizational activities, e.g. in trade unions or sports clubs) should be credited along with grades where competition for places in university courses or in high schools compelled the rationing of admissions.

This had led to the student population of universities becoming rather dispersed with respect to age levels. A great part come in at 25–30 or even older to take special courses which they feel would be useful in their work careers. They are not seeking to complete a university degree. To some extent, a similar phenomenon occurs in the upper secondary schools.

Also, the principle of recurrent education is widely applied in other respects. Since the mid–60s, a system of municipal schools has existed for adults, particularly directed to those who discover that they need to make up for deficiencies in their primary or secondary schooling through either full day or evening courses (with or without state-financed subsidies). This movement has been stimulated by a law of 1976 that gives workers a right to educational leave of absence from their employment. Employers only have the right to influence to some extent the timing of such leave.

Finally, there is an important system of "labor market training", particularly for persons who experience employment difficulties (unemployment or the threat thereof), but also persons willing to leave their jobs in order to obtain training for skills in short supply – all to promote a better functioning of the labor market and to increase the general level of industrial skills. In fact, this part of the adult education and training system was the first to be developed as an important element of the "active labor market policy" from the late 50s onwards.

The total number of persons who at any given time participate in any one of the three adult education systems after having been in income-earning work for at least some years is estimated at around 4% of the active population. This means that, over the years, a considerable proportion of the Swedish population deviates from the old pattern of rigid separation between the period of schooling and that of income-earning work.

The two programs for labor market training and supplementary school education already reached their present level of participation during the 60s. The fact that many persons, particularly in the age bracket 25–40 years obtained some extra education/training during that period may partly explain why the drive to squeeze out relatively unqualified workers around the age of 60 (the age these people had reached around 1980) has been less strong in Sweden than in most other countries in the industrialized world.

Sweden has arrived at its present situation – incorporating several elements of "flexilife" – without any general proclamation about the need for breaking up the rigid three stages of life scheduling, but in a rather pragmatic piecemeal fashion. Both our government and the people have seen the need for increased adaptability in the economic system and acted accordingly. Maybe we should not be too pessimistic for other countries either.

DOES FLEXIBLE LIFE SCHEDULING HAVE A FUTURE?

*Fred Best**

Throughout the 1960s and 1970s there was growing interest in adjusting public and private sector policies to allow individuals more flexibility in the scheduling of education, work and leisure over their lifetimes. Beyond its apparent humanistic virtues, this idea was also viewed as having the potential to reduce a variety of social problems in the areas of education and training, family life, retirement, and unemployment. Despite these promising potentials, the concept of flexible life scheduling has all but dropped from the arena of American policy discussions in recent years.

At this point, those who have championed the notion of increased life scheduling flexibility must ask themselves some soul searching questions. Has the movement toward flexible life scheduling ceased, or has it become less visible? Did the life scheduling flexibility concept reach a takeoff point, only to be exposed as impractical? Did advocates misunderstand or ignore key factors influencing the scheduling of life's activities? Have social and economic conditions shifted in ways that are no longer conducive to increased flexibility? Indeed, is the flexible life scheduling idea still worthy of serious attention?

This paper will re-examine the factors which are thought to support or hinder increased life scheduling flexibility in order to assess why expected changes did not occur, and whether widespread flexibility is still possible in the future. While this assessment is based primarily on the American experience, much of it should be pertinent to other nations. The first section will provide a cursory definition of flexible life scheduling, a summary of factors believed to support its emergence, and a general assessment of prevailing life scheduling patterns. The second section will focus attention on a number of new or under-assessed factors which present significant barriers to life scheduling flexibility. The third section will assess whether flexible life scheduling continues to deserve serious attention, and the types of activities that might be most productive in the future.

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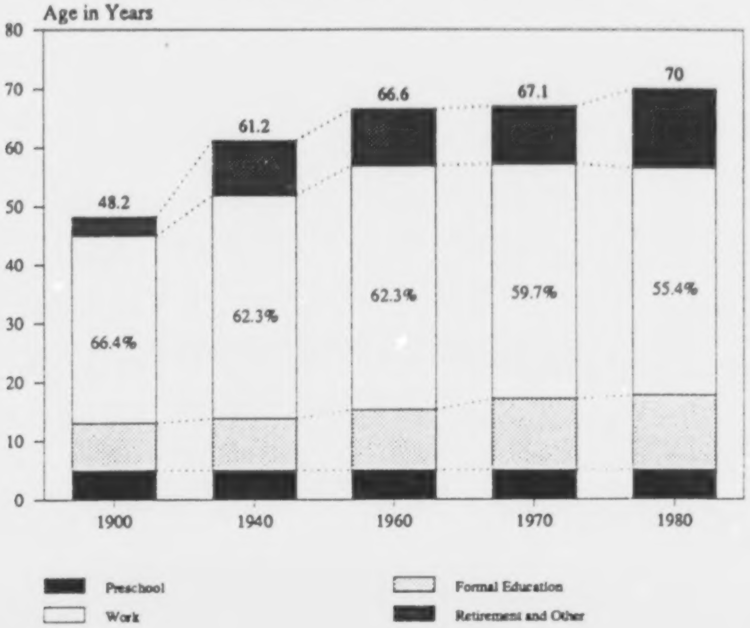
The Flexible Life Scheduling Concept

This section will provide background and a framework for a more detailed assessment of the barriers to life scheduling flexibility. The idea of flexible life scheduling will be defined and contrasted to prevailing conditions. Key factors believed to support the emergence of widespread life scheduling flexibility will be briefly reviewed. Finally, an overview will be provided of prevailing conditions and trends concerning the lifetime scheduling of education, work and leisure.

The concept of flexible life scheduling is best defined as an alternative to prevailing conditions. For most persons in industrial societies, the activities of education, work and leisure are arranged in what might be called a "linear life plan". Stated briefly, most persons progress in linear fashion through schooling during youth to about 40 consecutive years of work or child rearing in mid-life to retirement in old age. Over the last several decades, the time given to schooling in youth, and retirement in old age has grown, thus compressing the proportion of life spent in work activities during the middle years of life.[1]

A number of problems associated with this pattern raised questions as to whether it might be better for individuals and society if education, work and leisure were more flexibly scheduled throughout life rather than "compartmentalized" into

Figure 1: Lifetime Distribution of Education, Work and Leisure for U.S. Males, 1900–1980



Source:

Worklife expectancy figures (number of years in labor force) obtained from Howard N. Fullerton and James J. Byrne, "Length of Working Life for Men and Women,1970", Monthly Labor Review, February 1976; Howard N. Fullerton, "A Table of Expected Working Life for Men, 1968", Monthly Labor Review, June 1971; and Statistical Abstracts of the United States, 1988, Bureau of the Census, 1988, Table 606. Life expectancy figures (at birth) obtained from Statistical Abstracts of the United States, 1974 (Washington, Bureau of the Census, 1975) and Statistical Abstracts of the United States, 1988, Bureau of the Census, 1988, Table 107. School years (completed for persons over 25) obtained from Digest of Educational Statistics for 1975 (Washington, U.S. Department of Health, Education, and Welfare, Office of Education, 1975) and Statistical Abstracts of the United States, 1985, Bureau of the Census, 1985, Table 216.

three distinct phases of life. The alternative, it was reasoned, was to provide options for individuals to schedule life's major activities more flexibly in ways that met individual needs. As one of many possible combinations, some persons might prolong formal education by mixing it with varied work experiences, work part-time and take extended leaves during mid-life, then work part-year as a transition between employment and full retirement. Most persons supporting increased life scheduling flexibility proposed no prevailing pattern or set of programs, but rather a variety of options giving individuals greater choice in the way they balance the time given to work and no-work activities.[2] Among the variety of public and private policy proposals for accomplishing this goal were sabbatical programs, increased opportunities for part-time work, "job-splitting", options for voluntarily foregoing pay for varied forms of free time, extended vacations, and a number of tax and regulatory adjustments to reduce barriers to life scheduling flexibility.[3]

Factors Supporting Life Scheduling Flexibility

Throughout the 1960s and 1970s there appeared to be a host of social and economic forces pushing American society toward widespread life scheduling flexibility. Foremost among these forces were changes in the nature of education and training, realignment of family roles, growth of unemployment, resistance to retirement among an aging population, changing values, and assumptions about the adaptability of institutions.

1. Changing nature of education and training

A number of changes occurring within education and training institutions supported moves to schedule formal and informal learning more flexibly over the total life cycle. Moves toward "non-traditional" education with individualized curriculum and flexible scheduling indicated that instructional institutions were increasingly compatible with overall life scheduling flexibility.

Technical and social changes were fostering increased occupational change and the need for retraining during the middle years of life, and hence time away from work.[4] Others suggested that educational attainment was outdistancing employment opportunities, and that it might be necessary to share or rotate attractive jobs.[5] Still others noted that the financial cost of extended education during youth without income-earning work prevented many from pursuing aspirations, or produced significant debt obligations for many young people, thereby indicating a need to intersperse employment with education.[6] Emerging social needs, most notably for "recurrent education" throughout the work life, and increasing flexibility within instructional institutions was seen as paving the way for overall life scheduling flexibility.

2. Time pressures and financial discretion of dual earner families

The growth in the number of female workers and major departures in the nature of family roles became one of the major forces fueling the push toward flexible life scheduling. As job-holding women became the "rule rather than the exception", the time pressures on spouses in dual earner households and on single parents to simultaneously hold a job and fulfill family responsibilities became tremendous.[7] At the same time, declining household sizes and increased family earnings created the financial discretion to forego earnings for time away from the job.[8] Thus, increasing portions of men and women evidenced a desire to trade income earnings for more "free time".[9] The demands of child rearing for such households also fostered a need for scheduling flexibility.[10] Thus, trends toward increased employment among women, growing time pressures among dual earner families, and greater financial discretion were expected to progressively intensify the push for life scheduling flexibility.

3. Unemployment and pressure to share work

The steady rise of unemployment during the 1970s led many to believe that it would be necessary to reduce work time in order to spread jobs among a larger number of workers.[11] Attention directed to this possibility caused some to question whether the desire for more free time among some workers might be harnessed to create jobs for those in need of employment.[12] It was reasoned that if ways could be found to make it easy for those desiring less work to reduce their hours, the foregone work time might create needed jobs. As a result, the notion of voluntary work time reduction programs became an alternative to proposals mandating reduction of the standard work week.[13] It was assumed that the persistence of high unemployment would encourage flexible life scheduling by fostering options for voluntary time-income tradeoffs.

4. Resistance to retirement among aging workers

Growing resistance to earlier retirement among many older workers coupled with the increasing problems of financing pension systems also pointed to a need for more flexible life scheduling. Long-term trends concerning the increasing health and longevity of older workers, combined with reduction in the proportion of jobs requiring physical exertion, was making it possible and desirable for many persons to work long beyond the traditional retirement age of 65. At the same time, inflation and questions about the viability of public and private pension programs were making it financially advisable for many to work later into life.[14] Moreover, different individuals pursuing varied forms of work had different needs concerning the timing of retirement, and many wished to phase into retirement with part-time or part-year employment.[15] These developments were also viewed as long-term pressures for more life scheduling flexibility.[16]

5. Prevailing values and political philosophy

Through the 1960s and the 1970s ascending values and political philosophies also seemed to support more flexible life scheduling. While all evidence indicated a commitment to work[17], preferences were also emerging for new balances between job and non-job time and for making other improvements in the quality of working environments.[18] Prevailing political philosophy within both leading political parties also supported the development of public policies for addressing these issues. While consensus and clear policy direction was lacking, the climate of the times appeared to support providing individuals more options in scheduling education, work and leisure over their lifetimes.

6. Cost effectiveness and organizational adaptability

Discussions about flexible life scheduling commonly assumed that work organizations could adapt their operations to allow more scheduling flexibility, and that such changes might even be cost-effective for both the private and public sector. It was recognized that the tremendous variation of operational constraints facing the multitude of American work organizations would not allow every option for increasing flexible life scheduling to be applied in every firm. However, it was generally believed that much could be done to expand work time options.[19]

Correspondingly, it was believed that these measures would have little or no cost, and that they might even be cost-effective. Private sector organizations were expected to receive benefits in the form of greater recruitment options, work forces with more diverse skills, increased flexibility for scheduling operations, improved worker morale and productivity, capacity to retain work forces during economic downturns, and lower compensation expenditures.

The public sector was expected to gain by reduced expenditures and social problems resulting from unemployment, improved solvency of pension funds resulting from longer working lives, more effective and self-supporting education and training, lower need for publicly supported family services, and possibly higher tax revenues resulting from reduced joblessness.

Fledgling research efforts provided preliminary support for many of these assumptions. However, cost-effectiveness and organizational feasibility remained more assumptions than empirically proven realities.

The Current Status of Flexible Life Scheduling – Why Hasn't it Happened?

While it is premature to say that the flexible life scheduling issue has died in America, it has certainly not become a burning issue of the 1980s. In recent years the issue has been the subject of few political speeches, legislative hearings, scholarly or popular articles, or editorial attention. Nor does the topic appear to be "on the lips" of the general public. At the same time, a number of innovations have occurred, and the life scheduling patterns of the mid-1980s appear to be more flexible than they were during the previous decade.

Most changes have occurred at the individual and organizational level rather than as a result of overarching public policy initiatives. However, the extent and nature of flexible life scheduling within the United States is mixed, complicated and frequently unmeasurable. Flexitime has grown rapidly and become reasonably commonplace, but is still far from a prevailing work time pattern. The incidence of part-time and part-year work have increased steadily, but large portions of this increase have been caused by involuntary limitation of work time.[20] Phased retirement and other work time options for older workers have increased, but are not yet widespread.[21] Policies allowing employees to make voluntary exchanges of income for more time have been tried, but have not grown rapidly.[22] "Job sharing", two people sharing the same job, has become a common concept but a relatively rare practice. Similarly, modified work weeks, such as the 40 hour four-day work week, gained considerable attention but remain relatively rare.[23] Predictions of mid-career education have materialized, but most of these activities appear to be occurring on-the-job or after full-time job hours. Most sabbaticals in academic and other institutions have been curtailed or fully terminated.

While the incidence of flexible work and life scheduling devices has grown, overall trends suggest a continued compression of work in a smaller proportion of lifetimes. Specifically, the most recent data show that 55.4% of the average male's lifetime was spent on work in 1980 as compared to projections of 57.3% from the mid–1970s.[24] These figures may overstate the compression of work into the center of life because they exclude women, who have a greater likelihood of pursuing alternative work patterns. However, they do not, under any circumstances, suggest reversal of the trend toward an intensified "linear life plan".

In sum, the last two decades have evidenced progress toward more flexible life scheduling, but these gains have been mixed and the notion of life scheduling flexibility has certainly not become the dominant American pattern.

The failed emergence of widespread life scheduling flexibility during the 1980s can be traced to a number of factors. First, many barriers to such flexibility were not fully understood and acknowledged. Second, and most important, the 1980s brought radical realignments of social and economic conditions, public policies and values. Most of these changes have proved to be a hindrance to the growth of flexible life scheduling.

At the risk of being glib, the combined forces of the worst recession since the 1930s, intense international competition, and widespread disillusionment with government have fostered a popular political will to increase the performance and competitiveness of the American economy by encouraging private sector activity. In short, American society no longer takes past success for granted. It has "tightened its belt" and has placed high priority on reinvigorating its economy.

Priorities have changed and concepts like flexible life scheduling have simply fallen from attention.

Needless to say, the rise and fall of any social issue cannot simply be attributed to prevailing political themes. A multitude of factors determines whether issues are assimilated or dismissed. Key factors which have hindered major movement toward life scheduling flexibility include (1) concern over economic and employment security, (2) orientation toward savings and investment, (3) demographic and life cycle shifts, (4) de-emphasis of social equity issues, (5) limits of organizational adaptability, and (6) diffusion of the issue. Many of these factors represent reversals of earlier trends; some are relatively new developments and others represent previously recognized barriers that require re-examination. While the impact of these factors cannot be rigorously quantified, some elaboration of their presumed impacts may be helpful in assessing the barriers to widespread flexible life scheduling.

1. Concern over economic and employment security

Concern over economic and employment security represents a barrier to flexible life scheduling that was underestimated in earlier years and has grown in importance in recent years. It is important to recognize that employees, particularly those in the middle and later portions of their careers, may be willing to give up income for more free time, but would be extremely reluctant to jeopardize the long-term security and promotion potentials of their jobs. Among other things, a job is a "political accommodation" between an individual and his or her superiors, peers and subordinates. Such positions are defined and stabilized by contracts and job descriptions, but they are held together on a day-to-day basis by the activities of the job holder. Even in the most benign circumstances, absence of the job holder due to one form or another of work time reduction can cause the loss of promotional opportunities or important work decisions to be made without the involvement of the worker on reduced work time. In less than benign conditions, absence from work environment opens the possibility of competitive "back stabbing" that can be disastrous to those working less than full-time. These concerns grew progressively more threatening as employment opportunities worsened and finally led to the devastating "Great Recession" of 1982.[25] The millions of American workers who either lost their jobs, felt their jobs threatened, or could not find entry level jobs during this period led to an intense concern over job security.

Few examples more vividly demonstrate this trend than American steel workers. During the 1960s and 1970s U.S. Steel Workers Union boasted the first 13 week "blue collar" sabbatical, a program that was held up as an example for other American workers. However, as economic conditions worsened, this sabbatical program was quietly cancelled. Today, the tremendous pressures of international competition find members of the U.S. Steel Workers preoccupied with job security. Thus, even those who earn high incomes and would welcome opportunities to trade income for more time are extremely reluctant to jeopardize the security and potentials of their career by reducing their influence at work.

This concern over job security has also affected students and potential retirees. Current trends at American colleges and universities indicate a tendency to take courses that have job value and progress "straight-arrow" through school without delay in order to get jobs "while they last". Similarly, potential retirees know that once the retirement decision is made, there are few opportunities to go back to similar work.

2. Orientation toward productivity, savings and investment

The desirability of flexible life scheduling has also been undercut by growing concern over savings, investment, working harder, and becoming more self-reliant. The traditional "work ethic" seems to have been regalvanized. While wording varies from place to place, the themes are echoed by politicians from both political parties, media and persons of all walks of life: *The American economy is not to be taken for granted. There is* *general agreement that it is necessary to retool machines and skills, to work harder, and save more to finance needed recapitalization and become more self-reliant as individuals.*[26] The message has also been sent "loud and clear" from public leaders that government will not be responsible for many of the services that have been taken for granted. Tax incentives have been put into place to encourage business capitalization and private saving for retirement and other needs.[27] Work, rather than reduced work time, is the dominant theme. The value of leisure is not denied, but private discussions and public policy debates do not place it high on the American social policy agenda. Amid this social and political climate, there seems to be little room for discussion of flexible life scheduling.

3. Demographic and life cycle shifts

Demographic and life cycle forces, originally viewed as contributing to life scheduling flexibility, have proven far less powerful in the 1980s than they were in the 1960s and 1970s. The large post-World War "baby boom" provided impetus for many educational reforms and expressed values conducive to flexible life scheduling.[28] As this generation approaches middle age, along with home mortgages and other committed spending, it has become somewhat more traditional. More important, major portions of this large generation have already passed the early years of child raising. Thus, the urgency of easing time pressures on working households through the adoption of flexible scheduling options has been lessened. Similarly, most of this generation has been assimilated and socialized into the work force, thereby attenuating pressures for employment opportunities and youthful resistance to the demands of work life. Although demographics remains important and is likely to become more important in the near future, it has become less important during the 1980s as a force pushing American society toward flexible life scheduling. It should be noted that demographic trends may once again become a powerful force supporting flexible life scheduling as the large post-World War II "baby boom" generation nears retirement, and begins pressuring for more retirement options.

4. De-emphasis of social equity issues

Reduced priority for social equity issues has undercut another force believed to be fostering movement toward flexible life scheduling. Increased emphasis on goals such as economic growth and job security have lessened social and political commitments to reducing problems associated with unemployment, underemployment, old age, and the failure of youth to complete minimal schooling. In a nutshell, there appears to be a broad consensus that economic rejuvenation must come before attention can once again be focused on the problems of the less fortunate. This viewpoint, which is frequently shared by advocates of programs to address social injustice, is predicated upon the assumption that failure to regalvanize the economy to better face international competition will ultimately result in serious economic decline and even greater losses for the less fortunate. It is also noteworthy that a significant subgroup, some of whom include former advocates of social programs, have come to doubt government's capacity to effectively combat social problems. This same subgroup has come to believe that private sector job creation brought about by a healthy economy is the only real solution to many social and economic problems.

It is also likely that preoccupation on the part of the average American with personal economic and job security has diffused the popular will to address social problems. Given that those directly affected by social programs – the unemployed, elderly, handicapped and economically disenfranchised – represent relatively small minorities which are frequently competing with each other for fewer and fewer resources, there is little in the way of an effective coalition to force greater attention to the needs of less fortunate portions of the population. Declining attention to social problems has forestalled public policy initiatives to find new ways of dealing with unemployment, retirement and the elderly, working families, education for the young, and mid-career retraining. This has, in turn, all but nullified fledgling initiatives to explore and develop flexible life scheduling as a means of solving social problems and fostering greater social equity.

5. Limits of organizational adaptability

Efforts to initiate a variety of work time reforms over the last decade suggest that early advocates of flexible life scheduling underestimated or misunderstood many of the organizational barriers to such arrangements. Experience to date suggests that the major barriers to organizational initiatives have been more pressing organizational priorities, resistance by middle managers, and concern over unknown impacts. Organizations, be they private or public, are typically preoccupied with issues other than work time arrangements. This has been particularly true in recent years, during which major recessions, international competition, technological realignment, market shifts, and countless other challenges have dominated the concerns of organizational policymakers. Cases where work time reforms have been introduced have been the result of support from top leadership or by firms which have used such innovations as mechanisms to attract and maintain work forces in areas with critical labor shortages.* However, in an era where most employers are experiencing labor surpluses, such factors rarely stimulate work time reforms.

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* Recruitment and maintenance of scarce labor has always been a major impetus for innovative work time arrangements. Flexitime, for example, started in response to labor shortages within the German airline industry (Dennis Weintraub, "Starting the Work Day When You Want", *San Francisco Chronicle*, June 23, 1972, p.23). Other work time innovations, including sabbatical leaves, have emerged within areas in which clusters of "high technology" industries have experienced critical skill shortages (Arthur B. Shostak, "High Tech, High Touch, and Labor", *Social Policy*, Winter 1983, pp. 20–23; "Employee Leave Program Started at Rohm Corporation", uncited newspaper article provided courtesy of New Ways to Work, San Francisco, California; "When Jobs Go Begging", *Business Week*, June 5, 1978, pp.48–50; and Amal Nag, "Skilled Labor Shortages Plague Many Firms", *Wall Street Journal*, October 16, 1978, pp. 1 and 23.

The second major barrier has been resistance from middle managers and supervisors. For the most part, such first line supervisors view such innovations as yet another complication in the endless list of day-to-day problems that must be confronted to orchestrate work groups. While many have observed benefits, most see new problems and added personal burdens. As a result, many efforts to develop work time options have been discouraged and even sabotaged by those who must bear the daily yoke of administering them.[29]

A third related barrier has been concern among managers at all levels over the unknown and possible negative impacts of alternative work time arrangements. While many organizational decisionmakers and union leaders are convinced that such reforms will entail added costs, lost productivity and organizational chaos, most are simply unsure of the overall costs and benefits that might be realistically expected. In the absence of reliable information or a pressing need for action, little is done to develop policies that support flexible life scheduling. While some efforts have been made to assess the economic and organizational costs and benefits of alternative work patterns[30] examples of functioning innovations and "hard data" on impacts remains scarce. The absence of such information, commonplace working examples or irresistible pressures for reform, has resulted in a perpetual postponement of work and life scheduling initiatives.

6. Diffusion of the issue

The last and most amorphous barrier results from difficulties in focusing debate and practical action. Flexible life scheduling appears to mean all things to all people, yet rarely the same thing to everyone when it comes to agreeing upon need and feasibility, isolating practical policies, and establishing responsibilities for implementation. These complications are discussed below:

a) Agreeing upon need and feasibility

Developing agreement on the need for flexible life scheduling has proven to be increasingly difficult. As suggested above, both public and private decisionmakers seem perpetually confronted with issues of higher priority. Thus, the short-term and reactive dimension of most real policy decisions has so far precluded major action concerning flexible life scheduling. Part of the reason for the persistent "second priority" status of flexible life scheduling stems from the fact that no major interest group or groups have defined the issue as a pressing priority. Countless groups representing women, the unemployed, older workers and other constituencies, have proposed increased life scheduling flexibility. However, none have placed meaningful force behind the goal of "doing it now". In many ways it appears that everyone wants more flexibility, but no one wants it as much as they want others things.* Problems with consolidating significant support over the need for action are complicated by the existence of a number of alternatives for solving many of the problems addressed by flexible life scheduling.**

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* This lack of immediacy may reflect the views of the general population. Available studies of worker preferences indicate that many employees state that they would like to have options for work and life scheduling flexibility sometime during their lives, but less than a majority want this flexibility immediately (Fred Best, *Exchanging Earnings for Leisure*, op.cit.).

** Some examples include purchasing goods and services which reduce the time pressures felt by members of dual earner families and others (Staffan Linder, *The Harried Leisure Class*, Columbia University Press, New York, 1970); working harder in the present in order to amass enough wealth for early retirement or reduction of work; realigning life for more self-sufficiency and less dependence on the employment "rat race" (Ernest Callenbach, *Living Poor With Style*, Bantam Books, New York, May 1972; and Bernard Lefkowitz, *Breaktime: Living Without Work in a Nine to Five World*, Hawthorne Books, Inc., New York, 1979); self employment; use of microcomputers and other resources to allow flexible location of all or part of employment responsibilities (Frank Schiff, "Flexiplace: An Idea Whose Time Has Come," *IEEE Transactions*, February 1983; and Alvin Toffler, *The Third Wave*, Bantam Books, New York, 1979); and a variety of individual accommodations made between employees and employers.

Additionally, as previously noted, there has been a lack of data and examples which have documented the success of flexible life scheduling as a viable means of meeting varied needs in a cost-effective fashion. Finally, flexible life scheduling is a radical and novel idea. As in the case of all new ideas, the inertia of current thinking can obscure its potential value to those who might need it most.

b) Isolating practical policies
Even in cases where there is common agreement of need, there are no clearly obvious policies. The pursuit of flexible life scheduling does not lend itself to one simple program. A number of different approaches are necessary to provide the variety of life scheduling options needed to meet the needs of persons with highly individualized needs. Thus, it is not possible to "wave the flag" of one simple, all inclusive solution. Further, movement toward flexible life scheduling will result in costs as well as benefits, and there is still no clear consensus as to how these costs are to be distributed among workers, employers and the public sector.

c) Establishing responsibilities for implementation
Finally there is no clear fulcrum from which initial action might be taken. Essentially this is a problem of whether action should initiate from the private or public sector.

There are two dimensions to this problem. First, the prospective interplay between the public and private sector are complex and yet to be defined. Initiatives to increase life scheduling options must clearly be implemented within a wide range of work organizations facing a variety of different constraints. Even the boldest of public policymakers would have to move with great caution. Conversely, most private initiatives would ultimately require some support from public policies.* Clearly, initiatives to encourage widespread opportunity for flexible life scheduling would have to be worked out carefully among business, organized labor and government.

Recently, this task has been further complicated by a second development. Prevailing political leadership generally has resisted any type of tampering with the prerogatives of management. Given that managers are a diffused and largely unorganized group, this provides few forums for discussion of prospective actions.

While the barriers outlined above clearly illustrate the difficulties in moving American society toward widespread life scheduling flexibility, they do not unto themselves fully explain the lack of progress in recent years. Political leadership and philosophies can change, but good ideas should retain some credibility under most circumstances. Some advocates of life scheduling flexibility might claim that lack of broad exposure has stifled progress. While there may be some truth to this viewpoint, it must also be recognized that there should be enough persons with access to media to push a promising idea forward. While this has happened to some degree, the exposure has been limited. Thus, one is forced to concede that there simply has not been enough interest on the part of American leaders and the American public to keep the issue of flexible life scheduling at the forefront. Whether this suggests that the "time is not right" or "the idea is not viable" requires some serious soul searching.

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* Aside from the obvious issue of costs, there are many statutory barriers which complicate private sector initiatives to create more work time options. As one of many examples, many efforts to develop modified work weeks such as the four-day, 40 hour week have been frustrated by overtime regulations in the Fair Labor Standards Act.

What are the Future Prospects?

It is clear that major initiatives concerning life scheduling flexibility are not likely to occur within American society for some time. While this prospect may frustrate and disappoint advocates, it also provides a moratorium to reassess the value of the concept to current and future conditions and an opportunity to isolate the most viable course of action concerning further exploration of flexible life scheduling. All indications suggest that the existing political climate and prevailing social forces do not support major movement toward life scheduling flexibility. However, there are indications that conditions may once again support serious discussion of life scheduling issues.

1. Impact of political philosophy

Over the long-run, prevailing political leadership and philosophy may not be averse to life scheduling flexibility. Whether the existing conservative political leadership prevails or is replaced by some yet to be determined alternative, flexible life scheduling may become increasingly acceptable. However, it is likely that the idea would be altered under the stewardship of different political establishments and that life scheduling programs would be developed and implemented by different actors.

There are numerous reasons for the attractiveness of flexible life scheduling to conservative leadership. Its appeal crisscrosses all social strata; it is not limited to the "haves" or the "have nots". At the same time, there is evidence that flexible life scheduling would be a cost-effective means of combating many social problems, and could possibly replace some existing programs which explicitly redistribute resources. However, success under conservative leadership would probably require more voluntaristic participation on the part of private sector management, and some type of linkage between life scheduling flexibility and economic performance. This might be readily accomplished by using time off as an incentive for productivity.[31]

It is likely that flexible life scheduling would also be acceptable and attractive to liberal leadership. It could provide a new approach to address social problems in a way that does not provoke polarization on the basis of fiscal redistribution and class interests. In many ways, it appeals to all the key constituencies of the traditional liberal coalition while providing benefits to those outside that coalition.

In an ideal world, leadership from either side of the political arena might champion the flexible life scheduling concept for all the reasons stated above.

2. Underlying social and economic forces

Ultimately, the promotion of flexible life scheduling and its acceptability to political leadership of any persuasion will depend upon whether underlying social and economic forces make it viable. A number of factors suggest that American conditions may once again favor initiatives to support life scheduling flexibility. Key elements that may make this possible include a strong economy, improved job security, increasing problems with retirement, continuing time pressures on dual earner families, and increased information about the costs and benefits of life scheduling policies. If current American economic growth persists, it is likely that the American public and its leadership may feel that it is possible to once again address attention to other social issues, one of which could be flexible life scheduling.

Sustained economic performance is more likely than not to improve employment opportunities. Further, smaller cohorts among generations following the post-World War II "baby boom" generation may contribute to labor shortages. Thus, workers may feel more secure about creating new balances between job time and personal time, and employers may view work time reforms as one of the more attractive mechanisms for attracting and maintaining workforces.

Also, as older workers live longer and the post-World War II "baby boom" generation moves closer to collecting pensions, pressures for developing more flexible approaches to retirement will also support life scheduling reforms.

The increase in the number of female workers can be expected to persist into the foreseeable future. Along with this increase there will also be an increase of dual earner families and ever present time pressures. Such conditions will continue to exert a powerful force pushing American society toward more flexible life patterns.

Finally, if conditions once again open the door for initiatives to encourage flexible life scheduling, there may be more viable examples on how to operationalize such conditions, and possibly some empirical data concerning the economic and social costs of flexible life scheduling to employers, workers and the government.

8. What actions should be taken?

At this point in time, there appear to be two areas of action which might build a better foundation for future exploration of life scheduling flexibility. First, efforts should be made to interpret the value of flexible life scheduling in ways that have pertinence to all leading political philosophies. Such efforts would not only preserve the concept's viability regardless of political shifts, but would create a base of understanding and cooperation among business, labor and government that is a prerequisite for any successful effort to implement widespread life scheduling programs. Second, key research and exploratory programming need to be done to obtain "hard" information about the impacts of work and life scheduling flexibility. Particular attention should be paid to the task of developing working models within large and reputable work organizations and assessing their financial and organizational impacts. In some cases, this latter task can be accomplished through computer simulation using basic organizational data.

The course of history winds through many unexpected turns. What may be possible at one moment, may be totally infeasible at another. There are times when social, economic and political forces converge to open the door to ideas that have been previously met with stone-faced resistance. If the concept of flexible life scheduling has merit, much can be done in coming years to test and document its value. If this can be done, the next opportunity to increase the flexibility with which individuals can schedule education, work and leisure over their lifetimes might meet with greater success.

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EMERGING CHANGES IN THE STRUCTURE OF THE EMPLOYMENT RELATIONSHIP AND THEIR PROJECTED EFFECTS ON THE DISTINCTION BETWEEN WORK AND RETIREMENT

Dan Jacobson[*]

By definition, the research literature on work and retirement assumes the existence of a work force which is relatively attached to a given organization, with a clear-cut boundary between those who are inside the organization and work within its physical setting, and those who are not. However, recent research in many Western and developed countries shows that this assumption concerning a stable, attached group of employee "insiders" is not necessarily consistent with some current employment trends. The direction of these trends is for workers to become less attached both locationally and administratively to specific organizations. The purpose of this paper is to describe those trends and to suggest that should they materialize in the future on a larger scale, then the continued conceptual and real-life dichotomy between work and retirement would have to be called into question.

The Restructuring of the Employment Relationship

Pfeffer and Baron have recently observed that the modern employment relationship involves a trend toward "taking the workers back out of the organization".[1] In their systematic and updated analysis of this trend toward the "externalization of work", they state that it manifests itself in diminished contractual, temporal and/or locational attachments between people and organizations. Major forms of this trend are shorter tenure, limited duration contracts in a given organization, temporary and part-time work, subcontracting, home work and a general reduction in the organization's administrative responsibility for the employee.

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There are two ways of assessing the importance of these trends – by the number of workers or the number of organizations affected. Pfeffer and Baron report that on both counts, although still comparatively small in terms of the total work force, the numbers are impressive and growing in the United States, Western Europe and Japan. According to Carey and Hazelbaker[2], there are clear indications that rapid growth in both the absolute and the relative proportion of workers who perform most of their tasks while remaining at home or who work for a firm on a temporary or contract basis will continue through the 1990s. Similar growth will take place in the number of firms who are removing more of their task activities from their own administrative control by hiring temporary or contract workers. Pfeffer and Baron cite a number of studies that illustrate the growing prevalence of two distinctive work forces within firms across various branches of the economy: the core (presumably permanent and relatively secure employees who are provided with a clear career path consisting of training, advancement and eventually retirement), and the periphery (growing numbers of buffer employees who are given little "in-house" training, offered few opportunities for advancement and given hardly any promise of job continuity). The emergence of these two work forces has been described as the "Japanization" of employment.[3] While most of the available research literature on the subject is based on the American scene, there is evidence that the introduction of employment flexibility is gathering momentum in other countries as well.[4] A similar trend has been noted in multinational firms.[5]

Employers' Interest in Externalization

In the past, one of the important considerations behind employers' support for on-site, long-term employment relations at a given organization was rooted in the perceived necessity to guarantee the supervision of employees' work. However, monitorability is partly a function of the technology employed. With the advent of less expensive computing power and communication facilities, this technology has changed rapidly. In particular, computer monitoring of work quality has increased dramatically. These advances in computerization clearly have implications for home work. When coupled with piece rate systems, they not only potentially reduce worker interdependence, but they also provide greater assurance that the quality of work performed by employees at home, or by freelancers who conduct their professional activities outside the organizational boundaries, does not shrink in the absence of personal supervision.

The main reasons for externalization through the reduction of administrative control and through the limitation of the duration of employment are manifold and vary across countries. Certainly, pension arrangements in some countries provide incentives to get employees off the payroll in order to avoid making large retirement plan contributions on the employees' behalf.[6]

A second and probably more frequent motivation is to streamline the organization as a preventive work force reduction measure. During times of economic uncertainties, many organizations may be under pressure to adapt to leaner times and to keep their personnel allocations down so that the costs associated with new positions do not simply become permanently incorporated into the base budget. Greenhalgh[7], for example, has recently described externalization through the use of temporary or part-time workers as one of the least costly exit strategies. It is employed by organizations faced with potential resource scarcity, or wishing to reduce the economic burden of paying employees who are no longer needed, while wishing at the same time to avoid layoffs or expensive monetary inducements for early retirement.

The benefits of limited duration employment for the employer are also being increasingly recognized in the public sector in many countries concerned with problems of manpower budgeting. In most public sector agencies there must be authorization to hire someone; positions are allocated to departments, which are not permitted to exceed these authorizations. However, those same departments often have budgets which are subject to fewer constraints. The government agency that is facing extra work and cannot hire staff on a permanent basis may have financial resources at its disposal that can be used to hire professional or technical staff working on a contract basis for higher pay. Academic departments, for instance, without the authorization to hire permanent faculty, may, nevertheless, frequently have resources to hire staff on fixed term appointments.

Another closely related benefit of externalization, which explains its growing popularity among employers, comes from the flexibility it provides. This applies to both forms of flexibility – numerical flexibility (where workers are hired on contract), and functional flexibility (where workers engage in a wide range of skills). Numerical flexibility is of particular importance precisely in those settings where the dominant culture objects to layoffs and emphasizes a social welfare ethos toward the work force. Such a culture would be undermined severely by the need to add, and later subtract, employees to cope with fluctuations in work loads, an inseparable feature of the highly competitive modern economy.

Organizations today also require flexibility in terms of the skills those employees possess. When new skills are required, the tendency is to contract a different set of temporary workers, rather than confront the costs of retraining the permanent work force. The need for flexibility through externalization is particularly evident if there are difficulties in adapting the permanent work force to changing conditions of the market demand or in retraining a work force made obsolete by new technologies. This may be precisely the situation of many countries. As pointed out in a recent article by Piore[8], existing work rules and implicit employment guarantees or union pressure do indeed hamper management's ability to modify employment levels and change work assignments. Hence, an additional inducement for externalization and the greater flexibility it provides.

According to Pfeffer and Baron, another benefit of externalization, as perceived by employing organizations, is its effect on wage equity. Thus, companies committed to excellence through a high-wage compensation strategy may be induced to externalize lower-paid activities which, if left within the firm, would have to be compensated at a relatively high level because of pressures to diminish internal wage inequality. Similarly, firms trying to economize on wage costs, while at the same time mobilizing excellence, might wish to externalize highly-paid activities in order to avoid pressures to upgrade the prevailing wage scale.

Pfeffer and Baron point to another possible advantage of externalization from the employers' point of view – it might help them resist unionization. When virtually all or most work is contracted out, as it is for instance in some publishing companies or software producers, or when the greater part of the company's work force consists of temporaries or freelancers, union pressures can easily be avoided. If there are no employees, then there is no-one to organize. But even before this extreme state is reached, the organization's only partly realized option to contract out may limit both the employees' willingness to organize and the power of the union.

Changing Orientations Among Workers

From the workers' perspective, factors potentially facilitating a changed pattern of work-life in the direction of externalization relate to the way people view work, its importance in their lives, and how they view their attachment to a specific organization for an extended period of time. Relatively recent surveys in the United States, West Germany, the United Kingdom and Israel have consistently detected a shift in the orientation to work – no longer viewing jobs as providing meaning and significance, but rather simply as providing a living and the means to look elsewhere in life, to non-work areas, for ultimate purpose.[9] It has also been suggested that there have been changes in the relations of people to organizations, and that the day of the "organization"[10] may have passed. There seems to be growing acceptance of the idea of changing employers at all organizational levels.[11] As Applebaum has shown in a 1985 manuscript[12], at least in the United States, relatively frequent job transitions and working on a freelance basis are gaining respectability not only among traditionally self-employed doctors, lawyers or accountants, but also among more organization-bound high status occupations such as engineers or computer programmers who prefer the convenience of the flexibility in work schedules and location. Clearly, there is less social stigma attached today to a work style that does not involve lifelong loyalty and dedication to a single employer.

For a growing number of people for whom externalized work has become a way of life, making a long-term commitment to a single organization is not perceived as a central feature of the work role or of an occupational career track. All this means that the concept of retirement from an organization at a given age for such workers loses its very meaning. They may well choose to "retire" several times along their individual careers, return to work, again take extended leaves and resume work for another employer or at another place irrespective of the conventional retirement ages. This implies a very different and much more flexible scheduling of work and non-work activities throughout the life cycle to meet individual needs, rather than the clear-cut division into distinct work and retirement phases that life permits.

Of course, one should be cautious about attributing the acceptance of unstable work styles to the genuine *a priori* desires of all those involved. It has been pointed out by scholars cited by Pfeffer and Baron[13] that workers who are only offered the opportunity to hold jobs with no promise of continuity may come to terms with this situation by "choosing" not to desire a permanent attachment to a given employing organization. Clearly, an externalized work style is not chosen by the many millions of workers who belong to the secondary labor market (foreign workers or "Gastarbeiter"; immigrants; ethnic minorities; older workers including those who have retired from full-time jobs; and to a lesser extent women, particularly those with small children at home). Many in this category are employed as seasonal workers or as part-time or temporary help. Often they are "leased" from temporary help service firms or labor contractors. To a large extent, their externalized status reflects their peripheral position in the labor market opportunity structure.[14] Workers belonging to this segment of the work force, in contrast to many of the professional or semiprofessional freelancers discussed above, are also likely as a whole to be lower paid, with little or no financial resources to see them through periods of involuntary disemployment. The grave social, economic and political implications of their marginal status in the labor market has long been a cornerstone of research on prejudice and discrimination in the industrialized world.[15] For these workers, forced into the situation by labor market constraints and their low social status, a long-term attachment to a single organization is in no way a realistic prospect. Hence, for them too, there is the inevitable irrelevance of retirement as a major structuring component of their work life.

Conclusion

In principle, the employment relationship can be conceived of as a continuum of organizational inclusiveness patterns – from lifetime employment through employment in more specialized roles with expectations of shorter tenure, to other kinds of part-time or *ad hoc* externalized employment relationships. The suggestion here is that in the volatile environment of fierce competition, deregulation, organizational restructuring, cutbacks and constant technological innovation, the need to respond quickly to changes and to contain costs is likely to intensify explorations with labor-saving and flexibility enhancing policies. Under such circumstances, organizations may be inclined to interpret long-term employment arrangements as a particularly serious liability and, therefore, become more receptive to externalization in structuring employment.

On the externalization side of the continuum, the very concept of (age-related) retirement may be losing its validity. To be sure, the term "retirement" as used here refers to an institutionalized and structural component of the intra-organizational employment relationship and not to the voluntary withdrawal from the worker role-set as such. Retirement of an employee thus defined can take place only if, prior to the date of its occurrence, the organization wielded at least some measure of administrative control over the employee in the course of a period of employment of considerable duration. Where there is no administrative control over an employee, that is to say no relatively long-term previous employment relationship, retirement as an organizational practice is a contradiction in terms. In the case of freelancers or limited tenure workers, it leaves the decision to work or to "retire" entirely up to the individual, implying an increasing element of choice about whether to work, where to work, when and how much.

In the case of workers belonging to the secondary labor market, "retirement" does not differ much in social substance or in its negative symbolic meaning from other involuntary non-work periods in the course of the life-cycle. Consequently, to the extent that market-mediated exchanges of personnel will become more prevalent as an alternative to administratively structured long-term employment arrangements within a given organization, ideas concerning the meaning of work and retirement and the relationship between them will have to be revised.

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LEISURE AND THE STRUCTURE OF OUR LIFE WORLDS*

*Jon Hendricks*** and Stephen J. Cutler****

The Nature of Leisure

There is a growing debate about the centrality of work throughout the life course. Without entering into the debate over work's centrality up to the point of retirement, it is still possible to claim that the work role is ultimately surrendered. In the years following withdrawal from labor force participation, leisure may become the nexus around which life turns. Despite wide recognition that leisure is an important component of the lives of older people, the social organization of leisure has long been neglected.

It is our contention that to make sense of what constitutes leisure or free-time, analysts must consider both individual-level changes over the life course and societal-level shifts in the structure of opportunities to pursue whatever it is that constitutes leisure. On the one hand, patterns of leisure and free-time must be cast in a life course perspective, interpreted in terms of an individual's movement across life and from one membership category to another. On the other hand, leisure is more than just an activity in which individuals, of whatever age, participate. It is also a social institution in industrial and post-industrial societies and, as such, part of a larger set of

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social, cultural, economic, and political institutions.[1] Changes in any of these institutions can be expected to affect leisure participation through shifts in values, role opportunities, and the distribution of enabling characteristics in the population.

In the first part of this paper, we discuss trends in some of these larger contexts and the implications of these trends for leisure participation. In so doing, we want to draw attention to the likelihood that population aging, the changing characteristics of older cohorts, and other dimensions of social, economic, and cultural change will place increasing demands on societal role structures to provide greater opportunities for socially and psychologically meaningful involvement.[2] One probable source for the expansion of role opportunities is leisure participation. In the second part, we discuss implications of the life course perspective for future research on leisure.

Factors Affecting Leisure

1. Demographic changes

Although we will not dwell on them here, two immediately apparent demographic factors are growth in the population of older persons and changes in their physical well-being. Our point need only be that improvements in age-specific mortality and morbidity in developed nations are likely to alter traditional patterns of leisure participation by extending "active life expectancy" even further into the later years.[3]

Also, the characteristics of future cohorts will differ appreciably from those of their predecessors. For one thing, level of educational attainment will increase in developed countries and substantially higher proportions of the elderly will have completed at least some college.[4] Second, it is probable that future cohorts will enjoy a greater degree of economic security. In the United States, for example, the increased labor force participation of females, the expansion of pension programs other than Social Security to a greater portion of the labor force, and incentives to save for retirement[5] may lead to a steady improvement in the overall economic status of older persons. Patterns seen in the U.S. are becoming equally apparent in England and other industrial countries.[6]

Still another factor to be considered is the migration of the older population. Elders are considerably less likely than younger persons to make long distance moves, yet recent decades have witnessed, at least in industrial countries, an increasing propensity by older persons to move to retirement communities, to migrate from the "frost-belt" to the "sun-belt", and to engage in seasonal migration.[7] These trends are of significance for two reasons. First, such migration streams tend to be disproportionately comprised of younger, healthier, and economically secure segments of the older population.[8] Because elders with these characteristics will become more prevalent, it can be anticipated that steadily increasing numbers of them will make such "amenity" moves. Second, if these moves lead to growing concentrations of older persons in retirement areas and retirement communities which place a high value on leisure, recreation, and activity, this should facilitate the process of "cohort norm formation". Riley and Riley note that

> *"…as members of the same age cohort respond to shared experiences, they gradually and subtly develop common patterns of response, common definitions, and common beliefs, all of which crystallize into shared norms about what is appropriate, proper, or true."*[9]

Bultena and Wood have already pointed to the occurrence of this very process in regard to leisure in retirement communities.[10]

2. Economic changes

Beyond these demographic changes, there have been several important economic and employment trends with implications for leisure. Foremost among these has been a steady decrease in age at retirement, especially among males, in countries throughout North America and Western and Eastern Europe.[11] Not only are persons living longer, leading to an increase in the period of retirement, but recent decades have also been accompanied by a dramatic decline in age of exit from the labor force. Indeed, early retirement may become more feasible and more attractive with the growth of dual-earner households. These trends, even if they continue at diminished rates, suggest that a still greater portion of the lifetimes of men – and increasingly of women – will be spent as retirees.

The expansion of time spent in retirement and its problematic status as a life stage in societies traditionally dominated by the "work ethic" has led one observer to speculate that a new set of norms and values has emerged – the "busy ethic".[13] Promoted by a variety of interested parties, it "legitimates the leisure of retirement, it defends retired people against judgements of senescence, and it gives definition to the retirement role". Further investigation is needed to determine how pervasive this ethic is and how it articulates with and influences leisure activities. For present purposes, however, it serves as a suggestive illustration of the formation of new cohort norms for a period of the life course where some degree of normative ambiguity previously existed. As the pattern continues, we may well expect a quickening of the pace with which leisure norm formation affirms and extends emerging types and forms of leisure and their prospect for self-validation for older segments of the population.

Just as the distribution of time spent in work and in retirement has changed, so too have other aspects of employment. The average number of hours worked per week has declined, permitting more aggregate time for leisure.[14] To the extent that flexitime or four-day work week programs are adopted by industry and chosen by employees, this should produce larger blocks of time to participate in leisure activities[15], though some of the time made available is likely to be devoted to an expansion of other obligatory activities.[16] Increasingly, major industries are choosing sites for their operations with an eye to the amenities, including leisure and recreation, available in those locations.

At the same time, there have been important structural changes in the organization of national economies. The shift in composition of the labor force from blue collar manufacturing and production jobs to clerical, service, and white collar occupations, and the transformation of the workplace from one requiring intensive physical labor to one based more on automated technology may leave workers with more energy to engage in leisure.

A relatively new research focus in the area of occupational involvement revolves not around occupational status as such, but around the way work is organized. The broad implications are that the organization of the economy portends qualitatively distinct social realities for individual actors.[17] In this way, the issue of leisure becomes a structural question. How does the social patterning of the workaday world color leisure involvements? To quote Estes, Swan, and Gerard,

> *"…the structural view of aging starts with the proposition that the status and resources of the elderly, and even the trajectory of the aging process itself, are conditioned by one's location in the social structure and the economic and political forces that affect it."*[18]

The point is quite simple: the way work is structured affects many other aspects of the way life is lived. The daily lives of older persons are a result of their systematic location during their working lives. To speak of factors delimiting their leisure, we need to consider macro-level patterns evident in the economic realm – its influence extends well beyond mere work involvements.

The service sector of many national economies has also shown considerable growth and is deserving of attention in its own right. In the United States, between 1970 and 1986, employment in service industries in general, and in entertainment and recreation services in particular, grew at approximately twice the rate of total employment.[19] Bureau of Labor Statistics projections show a continuation of this trend in the U.S. through the end of the century.[20] Whether the past and projected growth in the service sector represents a response to the demand for leisure and recreation, stimulates that demand, or both, is a relevant question, but perhaps less important for present purposes than the existence of these markedly differential rates of growth. It is our contention that economies with large investments in service industries will witness qualitatively different patterns of leisure due to the nature of the work experience.

More generally, Ward has pointed to a number of other economic trends which may lead leisure to become increasingly valued in industrial and post-industrial society.[21] Among these are "growing humanistic criticism of technology, the promotion of leisure through the marketing of leisure goods and services, the fragmentation of work which lessens its intrinsic meaningfulness, and democratization of economically free time."

3. Role of governmental action

Governmental bodies have taken an active role in providing leisure opportunities and in facilitating the leisure participation of older persons. Though the rate of growth has slowed in recent years, federal, state, and local expenditures on parks and recreation amounted to $9.9 billion in the U.S. in 1984.[22] Several benefit programs, designed to reduce financial barriers to recreation and leisure, are also available. Still another example is the opportunity to take courses on a tuition-free basis at many state-supported (and private) institutions of higher education. If anything, the U.S. has probably been slower to respond to the needs of its elderly citizens than the nations of Europe, which do even more to promote leisure involvement.

Perhaps the major direct thrust of governmental involvement in discretionary time activities of older persons has been in the area of voluntarism. Due in part to limitations in expenditures for direct services to frail and needy populations and in part to a conviction that voluntary service benefits both recipients and providers, governmental programs in the U.S. have been developed to promote voluntarism by the older population. Although some involve not only reimbursement, but also modest stipends, programs such as the *Retired Senior Volunteer Program*, the *Foster Grandparent Program*, and the *Senior Companion Program* provide opportunities for elders to contribute to the delivery of essential community services.[23] Programs and demonstration projects drawing upon volunteers are funded by the *Administration on Aging* under the *Older Americans Act*, and some of the larger voluntary associations composed of, or advocating for, the elderly (e.g., *American Association of Retired Persons, National Council on the Aging*) play an important role in recognizing and supporting the contributions of the voluntary sector.

To return to the theme set forth earlier, the aging of populations will doubtless place demands on social and cultural systems to develop new normative definitions and expectations about the use of the increasing discretionary time available to older persons. Given the changing characteristics of future cohorts of elders and other trends we have noted – characteristics and trends consistent with predictions of increasing leisure involvement – these emergent norms will likely have as a central focus the meaningful use of leisure roles, at both the personal and societal levels.

New Directions for Research

In view of these trends, the obvious question is where do we go from here? A number of diverse but interrelated research issues are worthy of consideration. Certainly, there is a general need for more appropriate methodologies[24], but we wish to make one particular point in this connection. No small hurdle in investigating leisure is the question of relevant time intervals. A first step is the formulation of strategies to identify appropriate time frames in the realm of leisure. Fox[25], Light[26] and others[27] have called for the development of a sociological calendar, a means of capturing socially relevant qualitative and quantitative units of time that structure the times of our lives. If the variables involved in leisure patterns change only in a linear manner, arbitrary intervals may be decided upon. If, however, they do not follow a linear trajectory, then theoretically defined intervals must be utilized.

1. Conceptual developments in leisure research

Leisure research has adopted a number of social-psychological models from social gerontology. Beginning with discussions of disengagement and, later, activity theory, leisure scholars examined how well older men and women adapt to changing circumstances in their lives.[28] Following the formulation of continuity theory, attention focused on the identity-sustaining relevance of activities retained from earlier periods. Regardless of the potential applicability of the latter, each of these approaches places the onus of adjustment on the individual independently of other events going on in his or her world. Opponents of one or the other perspective customarily point to artifacts of a particular research protocol to explain away variance in the significance of leisure. In contrast, the type of life course perspective alluded to earlier is capable of bringing together individual adaptation and societal transitions which call forth that adaptation. By adopting a life course perspective, the artificial distinction between work and leisure may be breached and the identity-affirming aspects of leisure seen for what they are.

2. The symbolic value in leisure

As is apparent, the entire area of leisure research often neglects the symbolic dimensions of leisure. One way to begin to rectify this shortcoming is to treat leisure as an independent variable. While this is not universally the case, all too frequently leisure is viewed merely as a consequence of other aspects of life's involvements. If we are to examine seriously the symbolic value of leisure, it is imperative to see it in a broader focus. Kohli, among others, has contended that "the centrality of work may be getting less pervasive."[29] Whether by virtue of declines in labor force participation or changing values, it stands to reason that leisure may be getting more important – for individuals and for society. Work roles are customarily designated as predictors of many outcomes but, interestingly, leisure is seldom cast in an analogous manner. If the focus is on persons who are no longer involved in the paid labor force, it seems eminently sensible to examine whether leisure roles function as work had previously. Perhaps this lack of attention can be traced to the value preferences of researchers themselves, rather than to the absence of leisure as a salient component of one's world view. Certainly if Havighurst[30] and Atchley[31] are correct, that in the years after retirement, leisure is the functional equivalent of work, it makes sense to examine its role in a way that parallels the traditional view of work.

As Tinsley *et al.*,[32] and others have pointed out, there is an unmet need to investigate the psychological benefits older persons derive directly from leisure. Dating back to the Kansas City Studies[33], gerontologists on both sides of the Atlantic have wondered about the role of leisure in maintaining the identities and self-concepts of older participants.[34] Kelly *et al.*, go so far as to say leisure is indeed a central life focus, one deserving of more attention.[35]

1. Leisure as a form of consumption

Leisure is one of those areas in need of investigation as both a consumer good and as a form of consumption with important symbolic significance. Despite Marx's nod to commodification, Veblen's to the symbolic role of consumption in identity formation, or Simmel's attention to the social bonds our "goods" create as an abstraction of both money and our identities, social science as a whole has been slow to move beyond discussions of the social relations of production to those implicit in patterns of consumption. Leisure, as consumption, among older persons has been investigated even less. The question is, what is the import of being able to "spend" leisure? Does it make real our aspirations by externalizing, like some Ozymandian process, wherein we invite others to look on our "works" - as an objectification of our selves in order that they may know us? If so, then the next step in the process is likely to be some form of manipulation of individuals or groups, by a manipulation of consumerism. Indeed, there is growing awareness that there is "gold in gray".[36]

In light of the symbolic relevance of leisure as a source of affirmation, it stands to reason providers are well on their way to developing appropriate marketing strategies. At least two distinct facets of leisure as consumption are deserving of investigation. First is the "person-object" synthesis that takes place between the durable goods of leisure participation and the identity or status of those who possess the goods.[37] Producers of the durable symbols of leisure have long recognized what Marx and Veblen maintained - that to own something is to vest one's self in the object. To illustrate: *The* boat becomes *my* boat; the sense of selfhood blurs to encompass the representation of the boat. Like other boat owners we realize ourselves in our objects and belong to what feels like an identifiable social circle at the same time.

Another aspect of leisure consumption derives from involvement in the activity itself. Identities are augmented by participation for both actor and observer, as the perception is that the meaning of an endeavor is consumed and thereby incorporated into the actor's identity. Here, too, marketing strategies designed to appeal to older consumers of leisure opportunities are based on the status defining qualities of particular activities. Leisure, as a status symbol, has become "big business" for the private sector. In the mid-1970s, Parker reported expenditures in Britain as approximately £45 million and likely to continue on an upward trend.[38] Estimates for the United States place personal expenditures for leisure in 1986 at just under $200 billion.[39] As a consumer item, leisure yields significant economic gain for vendors able to package it to appeal to potential consumers. Consumption is a necessary extension of the productive process, and perhaps no less important if the cycle is to remain unbroken. Applied to leisure, the dimensions of its importance begin to become apparent. We as social scientists, and as gerontologists, have yet to address the reasons why leisure over the life course has such potential.

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